

The University of Chicago

THE ECONOMIC
ASPECTS OF THE PRODUCTION OF
MEN'S CLOTHING

(WITH PARTICULAR REFERENCE TO THE
INDUSTRY IN CHICAGO)

A PART OF A DISSERTATION SUBMITTED TO THE
FACULTY OF THE DIVISION OF THE SOCIAL
SCIENCES IN CANDIDACY FOR THE DEGREE OF
DOCTOR OF PHILOSOPHY

DEPARTMENT OF ECONOMICS

1937

By

ROBERT JAMES MYERS

Private Edition, Distributed by
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PREFACE

The study from which the present brief summary has been drawn was originally undertaken to provide a critical account of the problems and activities of labor in the men's clothing manufacturing industry. In few industries, if any, have the problems of labor presented so great a challenge to the workers or society, and few have served to an equal extent as a laboratory for social experimentation.

At an early stage in the study, however, it became apparent that the labor characteristics of the industry reflected to a remarkable extent the other aspects of production, such as the character of the demand for clothing, the technology of the industry, its localization, economic organization, and so forth. The study was consequently expanded to include these other economic aspects, and a greatly condensed discussion of them appears in the following pages.

It has been impossible for the writer to study the industry first-hand in all, even all the largest, of the centers in which it is located. The Chicago "market" however, which has been the scene of more experimentation in the field of labor than any other, has been easily accessible. The writer has consequently made his closest contacts with the industry in Chicago and has relied freely on the experience of that center for illustrative purposes.

The study was all but completed in the summer of 1933 when the National Industrial Recovery Act was passed and the codes of fair competition were put into effect. So significant did this development promise to be that the completion of the study was postponed to permit the inclusion of a statement regarding the operation of the industry under the code. The interference of other work prevented the accomplishment of this study of the code until the fall of 1936.

The delay has been advantageous in some ways, since it has permitted a more confident appraisal of the results of the code than would have been possible at an earlier date. While gov-

ernment reports, trade publications, etc., have made it possible to bring up-to-date the major statistical series and take account of changing conditions in the industry, however, the field investigations made several years ago have not been repeated. Certain material collected in these investigations and presented in the following pages to represent present conditions consequently refers to 1930, 1929, or even earlier years. Despite the time which has elapsed since it was obtained, it is not believed to distort the picture of the industry at the present time.

R. J. M.

January, 1937.

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CHAPTER I

THE GROWTH AND LOCALIZATION OF THE INDUSTRY

1. Growth of the Industry in the United States

Although the manufacture of cloth had flourished as a gigantic, capitalistic industry in Europe during the later Middle Ages, the production of clothing on a large scale for a significant proportion of any population has been carried on only during the past 200 years. "Ready-made" clothing assumed economic importance long before "factory-made" clothing or clothing produced on a large scale, for trade in second-hand garments was known in very early days and was the cause of much complaint by the tailors' guilds during the Middle Ages.¹ The production of clothing on a large scale probably appeared first in providing the equipment for standing armies about the middle of the seventeenth century. Quantity production for private citizens came in with the industrial revolution, and consequently appeared first in England. Masses of workmen with specialized skills, gathered together in cities, provided a large market for cheap garments which could be made up in advance of sale.

Long before it was carried on in factories, the production of wearing apparel called for specialization. Thus, the materials and processes involved in the making of footwear differentiated the production of such apparel from that of cloth garments. Similarly the production of men's clothing has come to be distinguished from the production of women's, work clothing from dress clothing, "furnishings" from suits and overcoats, etc. In so far as the available data permit, the present study will be limited to men's and boys' ready-made outer clothing (other than work), i.e. suits, overcoats and topcoats.²

¹G. F. Renard, Guilds in the Middle Ages (London: G. Bell and Sons, 1918), p. 38.

²The men's clothing industry as thus defined is third in importance among the outer apparel industries listed by the United States census. In 1933 it employed 119,000 wage earners and turned out products valued at \$445,000,000. Women's clothing employed 160,000 workers and turned out products valued at \$846,000,000, while the boot and shoe (other than rubber) industry employed

In America, until half a century after the Revolutionary War, a great majority of the people were clothed in coarse, home-made garments of homespun cloth, while the well-to-do, especially in cities, patronized the shops of custom tailors or had their clothing made up by itinerant journeymen. Clothing was imported from Europe in trifling amounts. The production of "slop work" for sailors was begun in New Bedford¹ about 1825 to 1830, however, and later was taken up in Boston and New York. Within a short time cheap garments were also being made up for farm laborers and miners in the south and west.

Ironically enough, production of ready-made clothing was first carried on in slack seasons by the custom tailors whose trade the new industry was destined to supplant. The tailors soon found it profitable, however, to spend full-time tracing patterns and cutting out garments to be made up in other workers' homes, often by the wives of farmers. The earliest of ready-made garments were of exceedingly crude materials and construction, and fitting depended entirely on the trial-and-error method, for no system of sizes for ready-mades had been devised. Shortly before the Civil War, however, crude attempts were being made to segregate garments by size, quality improved, and ready-mades began to be used for daily wear by the middle classes.

The Civil War itself resulted in a great increase in the demand for ready-made clothing and facilitated the introduction of the sewing machine, which had been on the market for several years. The highly unreliable census figures of the time greatly understate the growth of the industry but nevertheless show an increase of over 350 per cent in the value of the product from 1859 to 1889. If allowance could be made for the increase in the purchasing power of money and for the decrease in the proportion of custom work included in the census figures, it is probable that the increase in the value of the product would be found to be not less than 1,000 per cent. In the same period the population only doubled. A prominent manufacturer estimated in 1873 that the value of men's factory-made clothing alone, produced in the eight

191,000 workers and had an output valued at \$553,000,000.

¹William C. Browning. "The Clothing and Furnishing Trade," One Hundred Years of American Commerce (New York: Haynes & Co., 1895), II, 562. Another early writer credits the beginning of the industry to New York. Cf. National Association of Wool Manufacturers, Bulletin, IV (1873), 127.

cities in which the industry was chiefly concentrated, amounted to \$76,000,000 per year. Of this amount, \$30,000,000 was estimated to be produced in New York City, \$12,000,000 in Boston, \$10,000,000 in Philadelphia, \$6,000,000 each in Cincinnati and Chicago, \$5,000,000 in Baltimore and Rochester, and \$2,000,000 in St. Louis.¹

The development of the industry from 1889 to the present time may be indicated roughly by means of census figures, the most significant of which are presented in Table I. In 1889 the men's clothing industry (excluding custom tailoring but including work clothing) employed 145,000 wage earners and turned out an annual product valued at \$251,000,000. The industry grew very irregularly thereafter until 1923, when it employed 195,000 wage earners and produced garments valued at \$1,179,000,000. Since 1923, however, the trend in the industry has been downward, although cyclical influences have continued to be of great importance. Employment in men's clothing other than work clothing dropped from 158,000 in 1923 to 119,000 in 1933, while the value of product fell from \$1,017,000,000 to \$445,000,000. In the latter year the industry produced approximately 24,000,000 suits, overcoats and topcoats for men and boys, in addition to several millions of other garments, such as uniforms, separate pants, etc. Measured by the number of wage earners employed it was 25 per cent and by value of product (in dollars of constant purchasing power)² it was 51 per cent under the 1923 level. Recovery is by no means complete in the winter of 1936-1937.

The explanation of the downward trend which the industry has manifested during the past 13 years lies chiefly in a change in the demand for clothing. This change has been in the direction of lower quality and was first noticeable in the early 'twenties, when even the better dressed men began to buy inferior clothing and to wear their clothing longer than formerly. By 1926 the movement had brought prosperity to several producers of cheap garments and disaster to many quality firms. In addition to causing a decline both in the number of units produced by the industry and the

¹National Association of Wool Manufacturers, Bulletin, IV (1873), 127. The figure given for Boston appears to be too high. The manufacturer making the estimate seems to have been a resident of that center.

²See Table III and Chart I.

TABLE I

AVERAGE NUMBER OF WAGE EARNERS AND VALUE OF PRODUCT IN THE MEN'S CLOTHING INDUSTRY, CENSUS YEARS 1889-1936^a

Year	Average Number of Wage Earners	Value of Product
Excluding Work Clothing		
1936	138,000 ^b	\$ 625,000,000 ^b
1933	119,000 ^c	445,000,000 ^c
1931	122,000	551,000,000
1929	150,000	901,000,000
1927	146,000	932,000,000
1925	142,000	946,000,000
1923	158,000	1,017,000,000
Including Work Clothing		
1931	155,000	640,000,000
1929	188,000	1,040,000,000
1927	187,000	1,079,000,000
1925	174,000	1,087,000,000
1923	195,000	1,179,000,000
1921	165,000	935,000,000
1919	175,000	1,163,000,000
1914	174,000	458,000,000
1919	191,000	486,000,000
1904	137,000	356,000,000
1899	121,000	277,000,000
1889	145,000	251,000,000

^a Separate figures for men's work clothing and men's clothing other than work not available prior to 1923. For the year 1921 and following the census has covered all establishments with an annual output of \$5,000 or over; in previous years the lower limit was \$500. The number of establishments is not included in this table because it does not constitute a dependable measure. A large proportion of the establishments have been contract shops, which have varied greatly in number and have not always been completely enumerated by the census.

^b Estimate of the writer.

^c Due to reclassifications between the work clothing industry and men's clothing other than work, the census figures for 1933 are not entirely comparable with those for earlier years, although the error due to this factor is believed to be negligible.

value per unit, the change in demand brought about a substantial displacement of workmen and was partly responsible for important changes in the geographic distribution of the industry, as noted later.

Three chief reasons explain the change in the consumer's

demand. In the first place, the change has been more apparent than real, for there have been great improvements in technology which have reduced the cost of producing clothing and made it possible for the consumer to clothe himself well on a smaller proportion of his income than was formerly required. Second, altered ideas on hygiene, the increased prevalence of interior heating and the greater use of mechanical transportation in general, and especially of enclosed cars, have reduced the necessity for changes in clothing each season and have made it possible to wear the same garments the year around.

Finally, important new articles have appeared to compete for the consumer's income. The place of the Sunday suit as an article of conspicuous consumption has been partly usurped by the automobile, the radio and other goods and services. The importance of durability as a standard in buying men's clothing has increased. Only after men's attitude toward their clothing has become relatively stable can the industry's trend of growth be expected to parallel that of the population.

2. Growth of the Industry in Chicago

The first ready-made clothing sold in Chicago was manufactured in the east and brought in by the retailers themselves. A clothing jobber established himself in the city in 1851,¹ however, and manufacturing was carried on on a small scale in the 'sixties. After being wiped out by the Chicago fire of 1871, the industry sprang up again and grew rapidly during the 'seventies and 'eighties. By 1889 the Chicago industry (including work clothing) employed over 15,000 workers and turned out products valued at almost \$33,000,000. Men's clothing was second in size among Chicago's manufacturing industries, and only New York was more important than Chicago in clothing production. Factors contributing to Chicago's rapid growth as a clothing "market" included the city's abundant supply of German, Swedish and Bohemian workers, its proximity to important western markets, its significance as a railroad center and the aggressive selling policy adopted by its producers. From an early date Chicago was known as a "quality" market, its clothing involving the use of better materials and more careful workmanship, on the average, than that of most eastern markets,

¹A. T. Andreas, History of Chicago (Chicago: A. T. Andreas, 1884-86), III, 720.

and being brought before the eyes of the public by extensive advertising.

The data presented in Tables II and III and Chart I, based on census reports, indicate that the number of workers employed in the Chicago industry approximately doubled from 1889 to 1909, and in the latter year established an all-time peak of over 32,000.

TABLE II
AVERAGE NUMBER OF WAGE EARNERS AND VALUE OF PRODUCT
IN THE CHICAGO MEN'S CLOTHING INDUSTRY,
CENSUS YEARS 1889 - 1936

Year	Average Number of Wage Earners	Value of Product
1936	16,500 ^a	\$65,000,000 ^a
1933	13,000 ^a	36,000,000 ^a
1929	17,700 ^b	110,400,000 ^b
1927	19,500 ^c	121,000,000 ^c
1927	19,800	123,000,000
1925	21,600	122,200,000
1923	29,100	170,500,000
1921	29,200	165,400,000
1919	30,800	190,000,000
1914	31,900	83,400,000
1909	32,300 ^d	83,200,000 ^d
1904	18,900	53,200,000
1899	13,900	36,100,000
1889	15,000	32,500,000

^aEstimate of the writer.

^bIncluding data for two establishments outside corporate limits of Chicago to avoid disclosing individual operations. Excluding work clothing.

^cExcluding work clothing. It will be seen from a comparison of the two sets of 1927 figures that this branch of the industry is insignificant in Chicago.

^dThese figures have been reduced to exclude "men's shirts," which in this year were included with men's clothing in the census.

The value of product, measured in dollars of constant purchasing power, also doubled during this period, showing a substantially greater rate of growth than in the country as a whole. The most rapidly growing part of the Chicago industry during this period was the special-order branch, which produced factory-made clothing to individual measure. After 1909, however, the number of workers employed in the Chicago industry dropped off rapidly to stand, in 1936, at an estimated 16,500. The value of product, in "constant

dollars" increased to a peak in 1919, but by 1936 was estimated to have fallen back to approximately the 1889 level. This was a more severe drop than that of the industry as a whole.

TABLE III

VALUE OF PRODUCT IN THE MEN'S CLOTHING INDUSTRY OF THE UNITED STATES AND OF CHICAGO, EXPRESSED IN DOLLARS OF CONSTANT PURCHASING POWER, CENSUS YEARS 1889-1936

Value of Product in Current Dollars (Millions)			Snyder's Index Numbers of General Prices ^a	Value of Product in Dollars of Constant Purchasing Power (Millions)	
Year	United States	Chicago		United States	Chicago
Excluding Work Clothing					
1936	625 ^b	65.0 ^b	152 ^c	411 ^b	42.7 ^b
1933	445	36.0 ^b	129	345	27.9 ^b
1931	551	d	150	367	...
1929	901	110.4	179	503	61.7
1927	932	121.0	171	545	70.8
1925	946	d	170	556	...
1923	1,017	d	165	616	...
Including Work Clothing					
1931	640	d	150	427	...
1929	1,040	d	179	581	...
1927	1,079	123.0	171	631	71.9
1925	1,087	122.2	170	639	71.9
1923	1,179	170.5	165	715	103.3
1921	935	165.4	163	574	101.5
1919	1,163	190.0	173	672	109.8
1914	458	83.4	100	458	83.4
1909	486	83.2	93	523	89.5
1904	356	53.2	81	440	65.7
1899	277	36.1	74	374	48.8
1889	251	32.5	74	339	43.9

^aSince no index numbers of men's clothing prices alone are available, it is impossible to give any indication of the trend of the physical volume of the industry. By using index numbers of general prices for deflating purposes, it is possible to correct the money values only for changes in the purchasing power of the dollar. In the series here used 1913 has been taken as the base year.

^bEstimate of the writer.

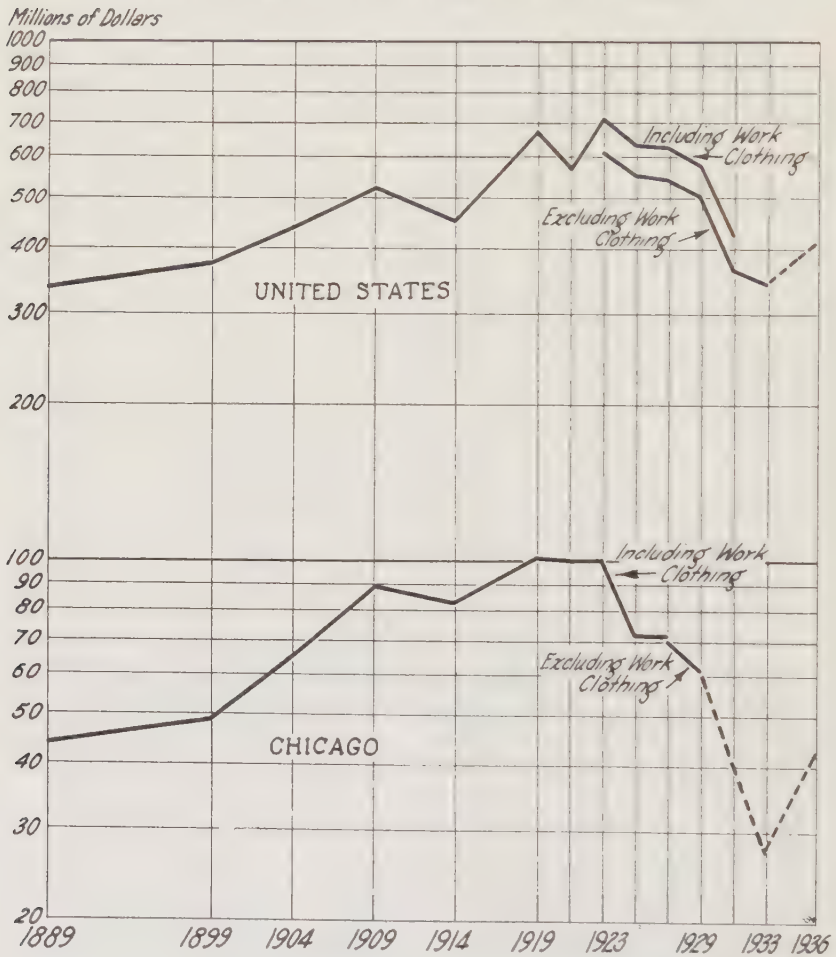
^cAverage for nine months.

^dNo data available.

Chicago's relative importance within the industry was greatest in 1914, when that center employed 18 per cent of the total number of workers and turned out 18 per cent of the product,

CHART-1

VALUE OF MEN'S CLOTHING PRODUCED IN
THE UNITED STATES AND IN CHICAGO,
IN DOLLARS OF CONSTANT PURCHASING
POWER, CENSUS YEARS 1889 - 1936.



by value. By 1929, the latest year for which separate city figures are available, the percentage in each instance had dropped to 12. Figures provided by the Men's Clothing Code Authority and not entirely comparable with these show that in 1934 Chicago provided approximately 12 per cent of the total man-hours of work in the industry and produced approximately 8 per cent of the men's wool suits. As in the past, Chicago would rank considerably higher by value of product than by volume.

The explanation of the decline of the Chicago market lies largely in the dwindling importance of the advantages which facilitated its rise. With the increase in the popularity of ready-made clothing, the market for clothing had spread throughout the country and Chicago's location dropped in significance. The demand for Chicago-made clothing, moreover, suffered particularly from the decline in the importance of fine fabrics and careful tailoring in evidence after the early 'twenties. Finally, Chicago suffered from certain general factors which will be seen to have affected the larger centers almost without exception.

3. Localization of the Industry

There has never been a time when a few great centers have not been responsible for a large proportion of the total output of the men's clothing industry. This has been due chiefly to the availability in the metropolitan centers of large numbers of immigrant workers suited to perform the tasks involved in clothing manufacture and willing to work for relatively low wages.¹ Other significant factors have been the importance of the great cities as fashion and amusement centers and the economies of the "contract system," which, to operate effectively, requires a degree of concentration of the industry.

It will be seen from Table IV that in 1929, the most recent year for which census figures are available, the nine leading cities employed a total of 96,367 workers and turned out products valued at \$706,024,000; these figures represented 64.3 per

¹The dwelling places of the labor force have also played an important part in determining the localization of the industry within the boundaries of the individual centers. Studies made in Chicago and New York show that while the cutting and sales rooms of clothing concerns are frequently found in or near business districts, the shops tend to be located near the workers' homes. This tendency is less pronounced than it was a quarter-century or more ago.

TABLE IV
AVERAGE NUMBER OF WAGE EARNERS EMPLOYED AND VALUE OF
PRODUCT IN THE MEN'S CLOTHING INDUSTRY (EXCLUDING
WORK), UNITED STATES AND NINE LEADING CITIES, 1929

City	Average Number of Wage Earners (Thousands)	Value of Product (Thousands)
Total United States	149,868	\$901,104
Total nine cities	96,367	706,024
New York	28,498	319,218
Chicago ^a	17,706	110,364
Philadelphia	10,743	79,816
Rochester	10,647	47,725
Baltimore	9,363	43,238
Cincinnati	5,878	32,212
Cleveland ^a	5,645	30,592
Boston ^a	3,941	24,233
St. Louis ^a	3,946	18,626
All others	53,501	195,080

^aCensus data include one or more establishments outside corporate limits to avoid disclosing individual operations.

cent and 78.4 per cent of the corresponding figures for the entire industry. It is apparent that New York held first place by both measures, as it has almost from the infancy of the industry; while Chicago, Philadelphia, Rochester, New York and Baltimore followed in the order named.

TABLE V
PERCENTAGE OF ALL MEN'S CLOTHING WORKERS AND OF ALL
VALUE OF PRODUCT IN NINE LEADING CITIES
COMBINED, CENSUS YEARS 1889 - 1929

Year	Average Number of Wage Earners	Value of Product
1929 ^a	64.3	78.4
1927 ^a	68.4	81.5
1927	56.2	72.6
1925	58.3	74.7
1923	61.1	75.9
1921	65.2	78.3
1919	68.9	80.0
1914	71.1	78.4
1909	71.6	81.7
1904	66.5	77.8
1899	62.7	78.0
1889	70.5	78.2

^aExcluding work clothing (figures for which are included in other years).

Table V shows clearly, however, that the importance of the cities¹ has declined since 1909, when they employed 71.6 per cent of all wage earners in the industry and were responsible for 81.7 per cent of the value of product. The corresponding percentages of 1927, for men's clothing including work clothing, were 56.2 and 72.6, while data for the industry excluding work clothing indicate that this movement continued from 1927 to 1929.

Data collected by the Men's Clothing Code Authority in 1934 show that in that year the nine cities cut 82.9 per cent of all wool suits reported for the industry. Since the production of wool suits is much more concentrated than that of other garments for which the industry is responsible, however, and since the reports for the large cities were probably more complete than those for places smaller, this recent figure should not be taken to indicate that the trend apparent in earlier years has been reversed.

As will be seen later, the beginning of the decentralization movement in the industry coincided rather closely with the rise of the Amalgamated Clothing Workers, and there is little doubt that, justified or not, the desire to escape from the union and its wage and hour regulations has been an important factor in the outward movement. In addition, however, technological improvements and the emphasis on price rather than quality in the purchase of clothing have materially reduced the advantage of the great cities in possessing large supplies of skilled labor.

¹These were the leading cities by value of product in 1929. Most of them would have been included among the nine leading cities of earlier years as well; in 1889, for instance, the only substitution necessary would have been Milwaukee for Cleveland.

CHAPTER II

TECHNOLOGY, ORGANIZATION AND MARKETING

1. The Technology of the Industry

The materials used in the manufacture of clothing fall into two classes - piece goods and trimmings. Piece goods, constituting the chief materials of which a garment is made, are usually composed wholly or partly of wool. Domestic fabrics are used in an overwhelming proportion of American ready-made clothing. They manifest great variety in color, pattern and weave, and change greatly from season to season. Of the more than 40,000 fabrics which the great American Woolen Company has recently offered each season, only a few have been exactly duplicated the following season. Because of the importance of piece goods as a cost item in clothing production and their susceptibility to seasonal changes and other factors affecting price, the purchase of piece goods far in advance involves a considerable amount of speculation. This fact has encouraged the purchase of piece goods on a hand-to-mouth basis.

The machinery used in the manufacture of men's clothing, except for a small amount of subsidiary equipment such as the machines used in the sponging and testing of cloth, has performed but three operations - cutting, sewing and pressing. Developing from the primitive implements of the early itinerant tailor, the machinery now in use is operated electrically and has been perfected to a remarkable degree. The typical large concern now uses at least two different types of cutting machines, in addition to ordinary shears; from 50 to 75 types of sewing machines, designed to perform rapidly many intricate operations; and from five to a dozen types of pressing machines, suitable for highly specialized types of pressing. Except for the sponging equipment (and sponging is frequently contracted out) no machine in common use costs more than \$1,000 and none occupies more than a few square feet of space. Many machines are capable of performing only minute operations so that their use involves extreme division of labor. In a large factory from 250 to 300 operatives may engage directly in the production of a single suit.

While the introduction of machinery, the division of labor and other improvements in organization have greatly reduced the number of hours of labor required in the production of clothing, it is not safe to say that the industry as a whole is highly mechanized. The machines in use are not of a highly automatic type, requiring only to be fed by a few machine tenders as they grind out the finished product. All require careful guidance from the workers, and some are like delicate tools which are useful only when they are in the hands of skilled artisans. Consequently skilled labor still remains an important factor in clothing production.

The actual manufacture of clothing requires the taking of seven major steps, as follows:

1. Designing the garment.
2. Sponging and examining the cloth.
3. Cutting the cloth and trimmings.
4. Coat making.
5. Vest making.
6. Pants making.
7. Assembling and shipping.

Each of these operations is carried on in a separate part of the factory, or in a separate shop, by groups of specialized workers who are quite unfamiliar with the tasks performed by other groups.

While space does not permit a discussion of the individual manufacturing operations, certain significant features of manufacture may be pointed out.¹ Designing involves the production of numerous "models" which are hoped to gain popularity during the coming season; since up to 100 patterns must be cut for each model, for men of various sizes and proportions, the total number of patterns in use during a given season is very great. Sponging is necessary to prevent water spotting and excessive shrinkage in the finished garment and to give the cloth a good finish. Cutting must be done with great care and by skilled workmen, to assure

¹Those wishing to study the processes of manufacture in more detail will find the following works to be helpful, although a thorough understanding of the methods of production will require the spending of many hours in clothing factories: M. E. Popkin, Organization, Management and Technology in the Manufacture of Men's Clothing (New York, London, etc.: I. Pitman and Sons, 1929); U. S. Department of Commerce, Bureau of Foreign and Domestic Commerce, Misc. Ser. 34, The Men's Factory-Made Clothing Industry (Washington: U. S. Government Printing Office, 1916); The Story of Men's Clothes (Rochester, New York: Hickey-Freeman Company, 1926); E. Bryner, The Garment Trades (Cleveland: The Survey Committee of the Cleveland Foundation, 1916).

good fit and the matching of patterns and to avoid the wasting of materials; except in the production of special-order clothing, the cloth for two to 20 or more garments of the same pattern may be cut in one operation. After this relatively early process, however, each piece of material must be treated individually. Of the sewing, shaping and pressing operations which follow cutting, those involved in the making of coats are most difficult and most expensive. Much of the work upon which depends the capacity of the finished garment to hold its shape is not apparent when the garment is ready to sell; even an expert is unable to tell from examining a completed garment how carefully such work has been done or how well the garment will wear.

The technology of the industry is important to management, the worker and the consumer. The small requirements for plant and equipment and the possibility of using specialized equipment economically with a moderate scale of production facilitate entry into the industry and encourage competition. The extreme division of labor and the interdependence of the numerous productive units complicate the problem of production control. The limiting of the product to a specialized use at an early stage of production (cutting), necessitates the delay of manufacture until models for the season have been chosen and consequently obstructs the smoothing of seasonal fluctuations.

Technological changes have resulted in the displacement of numerous workers; particularly, in recent times, cutters, finishers, off-pressers and bushelmen. They have appreciably reduced skill requirements. By requiring the workers to work closely together, however, the technology of the industry has fostered group consciousness and facilitated the rise of unions. The interdependence of the workers has made strikes and "stoppages" unusually effective.

The productive processes are such that the consumer can distinguish only very imperfectly between well-made and poorly-made garments and, except for the assurance afforded by trade names, is forced to take chances every time he buys a suit.

2. Economic Organization

An examination of the economic organization of the men's clothing industry reveals that the industry has not reached an advanced stage of capitalistic development. In 1929, for instance, 48.3 per cent of manufacturing establishments in general, produc-

ing 92.1 per cent of the total product, by value, were owned by corporations, while the corresponding percentages for men's clothing were only 30.1 and 66.5. Census data for years as far back as 1904 reveal that in the past the difference was even greater. Clothing corporations, where they do exist, are typically close corporations, protected by limited liability, but owned by only two or three individuals and otherwise difficult to distinguish from partnerships.¹

Clothing establishments are slightly larger on the average than establishments in manufacturing generally, but include fewer very small and very large units. In 1929, 69 per cent of the value of product of manufacturing generally, but only 46 per cent in men's clothing, was produced by establishments in the "million and over" class. Fifty-four per cent of all men's clothing establishments but only 50 per cent of manufacturing establishments generally fell in the middle classes employing 6 to 500 wage earners. There has been no important combination movement in the industry.

As is characteristic of industries manufacturing perishable or stylish products, the capital requirements of the men's clothing industry are low relative to the volume of sales. What data are available indicate that men's clothing concerns achieve a turnover of invested capital of about 200 per cent a year as compared with approximately 100 per cent in industry generally. It is not unusual, moreover, for the assets of men's clothing corporations to include "current assets" to the extent of 75 per cent, whereas the typical proportion for "general industrials" is scarcely over one-third. The chief sources of capital for men's clothing manufacturers are the funds of the owners and reinvested earnings, although trade and bank credit are unusually important. Preferred stock is rarely sold and bonds are almost unknown in the men's clothing industry.

Another remarkable characteristic of the industry is the extent to which work is contracted out. Many clothing concerns do not make up clothing at all, but concentrate on the designing, cutting and selling of garments; paying individual contractors to do their sponging and make up coats, pants and vests, respectively.

¹The lack of published statements of condition and other statistical and financial data, due to the infrequency with which clothing manufacturers appeal to the general public for capital, serves as a serious impediment to any study of the organization of the industry.

Other manufacturers contract out the making of only one part of a garment, such as the vest, or the coat front. While clothing of high quality is sometimes made up in contract shops, the system is best adapted to the production of cheap clothing. In 1933, 34 per cent of the men's clothing establishments in the country were contract shops. They employed 28 per cent of the wage earners in the industry and were responsible for 14 per cent of the value added by manufacture.

The organization of the Chicago industry has differed from that of the industry in other centers, reflecting Chicago's emphasis on quality products. Chicago, for example, has had a substantially higher proportion of corporate ownership than most other centers and among its concerns have been several, such as Hart, Schaffner and Marx, Alfred Decker and Cohn, and B. Kuppenheimer, whose stocks are widely held. Chicago firms are larger, on the average, than those in other centers, and depend less on the contract system. With the change in the demand for clothing in recent years, however, several important Chicago firms have turned to medium, or inferior-grade clothing, and the distinguishing characteristics of the organization of the industry in that city have become less pronounced.

3. The Cost of Production

Although the census data are not designed to measure costs of production in manufacturing industries, the 1929 figures may be used to indicate roughly the importance of several major cost items in men's clothing and manufacture as a whole. These figures show that the cost of materials in the men's clothing industry equalled 48.5 per cent of the total value of product, as compared with 52.1 per cent in manufactures generally. Wages made up 19.9 per cent in men's clothing but only 16.5 per cent in all manufactures; salaries accounted for 4.7 per cent and 5.1 per cent respectively; and fuel and power accounted for 0.4 per cent and 2.6 per cent respectively. The figures for men's clothing, however, cover both ready-made and special-order establishments and the producers of other widely varied types of garments.

Confidential information secured from eight Chicago ready-made firms for the same year is presented in Table VI which expresses each of specified cost items as a percentage of net sales. These figures, which are believed to be fairly representative of present conditions, indicate that on the average the cost of mate-

TABLE VI

PERCENTAGE OF NET SALES DISBURSED FOR SPECIFIED COSTS BY
EIGHT CHICAGO READY-MADE FIRMS IN 1929

Cost Item	Estab. 1	Estab. 2	Estab. 3	Estab. 4	Estab. 5	Estab. 6	Estab. 7 ^a	Estab. 8	Aver- age ^b
Net Sales	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Materials	41.5	46.3	53.4	41.1	42.9	54.3	61.2	54.2	43.5
Direct Labor	28.3	37.9	30.4	30.7	32.4	27.5	30.1	24.3	30.8
Factory overhead	4.1	4.4	8.3	4.4	4.3	6.2	4.0	8.6	4.9
Cost of Mfr.	73.9	88.6	92.1	76.2	79.6	88.0	95.3	87.1	79.2
Selling	8.9	7.4	4.1	10.2	7.2	7.1	0.2	8.4	9.1
General overhead	9.2	3.8	3.8	8.0	12.3	8.7	0.6	7.7	7.7
Operating expenses	18.1	11.2	7.9	18.2	19.5	15.8	0.8	16.1	16.8
Profit	8.0	0.2	0.0	5.6	0.9	3.8 ^c	3.9	3.2 ^c	4.0

^aNot included in average because of unusual conditions of operation.

^bIn this average the percentages for individual firms have been weighted in proportion to the physical output of the respective firms.

^cLoss.

Note: The chief cost items included in the classes given in this table are as follows:

Materials - Net cost of woollens, linings, buttons, thread and sundries actually used, plus transportation and insurance on the same.

Direct Labor - Wages paid to employees directly engaged in manufacturing operations, payments to contractors, and unemployment insurance contributions. The inclusion of all payments to contractors as direct labor is not strictly justifiable, since the contractor's charge is partly to cover overhead. Four-fifths of the amount, however, represents actual direct labor, and the work contracted out by the firms included has been slight, so that the error involved - which seems unavoidable - may be disregarded.

Factory Overhead - Salaries of officials chargeable to manufacturing, wages of foremen and designers, and all general help in factory and shipping rooms. Also rent and repairs for factory and machinery, light, power, heat and water for factory, depreciation, factory insurance and taxes other than corporation and income.

Selling - Salaries of officials chargeable to selling, salaries, commissions and expenses paid to salesmen, advertising, sample lines, transportation due to selling, packing materials for goods sold, rent of show rooms, etc.

General Overhead - Administrative salaries and wages, rent of offices, office supplies, legal service, corporation taxes, bad debts, depreciation on furniture and fixtures, interest on current debts, etc.

Resulting Profit - Before income taxes.

rials amounted to 43.5 per cent of net sales. Of this amount, three-quarters went for fabric and the remainder for trimmings, freight and insurance. Direct labor cost fully 30.8 per cent, which was undoubtedly a higher proportion than in most other cities. Of the total direct labor cost, about 15 per cent represented the cost of cutting, 54 per cent the cost of coat making, 13 per cent the cost of vest making, 15 per cent the cost of pants making, and 3 per cent unemployment insurance contributions. The total cost of manufacture was 79.2 per cent; operating expenses amounted to 16.3 per cent; and profits to 4.0 per cent.

It must be remembered, of course, that the above are average figures covering a year's operations and including the results not only of initial orders, but also of re-orders, season-end sales, close-outs, etc. In determining his opening prices at the beginning of a season the manufacturer estimates his cost of manufacture and adds one-third to one-half, or more, to cover his operating expenses and profits.

Combining the data presented in Table VI with confidential data regarding the distribution of costs for 14 large men's clothing retailers for the same year, it may be estimated that of the typical consumer's dollar spent for Chicago-made clothing in 1929, only \$.51 went for actual manufacturing costs; of this amount, \$.28 represented materials costs, \$.20 labor cost, and \$.03 factory overhead. Six cents was spent for manufacturer's selling expense, \$.05 for manufacturer's general overhead and \$.03 was retained by the manufacturer as profit. The remaining \$.35 was taken by the retailer, who spent \$.15 for various types of salaries, \$.05 for rent and the remainder for smaller items, including \$.04 profit.¹

4. Profits

Material available from over 200 clothing firms over a period of approximately 20 years indicates that profits as a percentage of net sales in the men's clothing industry have amounted to 4 or 5 per cent, the smaller figure being more nearly representative immediately preceding the recent depression. The return on invested capital must be judged chiefly from the scanty information

¹Material regarding the cost of production of the special-order branch, and other details as to costs, are given in the complete dissertation, of which the present work is a part.

which may be gleaned from the published statements of corporations. This is unfortunate, since the representativeness of such material is doubtful. Data covering 3 to 11 men's clothing corporations annually during the period 1920-1935, inclusive, however, show rates of return¹ ranging from a loss of 16.1 per cent in 1932 to a profit of 11.1 per cent in 1923, and averaging 5.6 per cent for the entire period. If data for the large and prosperous firm of Richman Brothers be included the range is from a loss of 6.5 per cent in 1932 to a profit of 14.5 per cent in 1929, and the average is 8.0 per cent.

The turnover among men's clothing firms has been high, entry into the industry being easy and failures being numerous. Dun's reports on "clothing and millinery" failures from 1913 to 1935 reveal that those industries were responsible for approximately one-eighth of all manufacturing failures during this period. The amounts of liabilities involved in clothing and millinery failures, however, were relatively less important. Data for the men's clothing industry alone, provided by the National Credit Bureau, are available for the years 1929-1936. These data report 168 business embarrassments in 1932, involving liabilities amounting to \$8,455,000. Failures have been much less numerous since that year, and in 1935 totalled only 41.

5. Instability of Production as a Problem of Management

Far more significant than any of the peculiarities of organization described in the preceding sections is the remarkable irregularity of production in the men's clothing industry. While all of the usual types of fluctuation affect the industry, the present section will deal only with seasonal and cyclical movements. The great significance of irregular production to labor and the consumer, as well as management, is believed to warrant a somewhat fuller discussion than has been given to subjects previously dealt with.

Seasonal fluctuations.--Probably the most satisfactory data for indicating the extent of seasonal fluctuations in the production of men's clothing consist of the weekly payroll records

¹In making these comparisons, profits have been taken after deductions for depreciation and federal taxes but before the payment of interest on bonds or dividends. "Invested Capital" has been taken from the liabilities side of the balance sheets and includes long-term debt, preferred and common stock (book value) and surplus.

of Chicago firms, assembled by the unemployment insurance system in the Chicago market. The index numbers of weekly fluctuations in wages are given for the two chief branches of the industry in Table VII and Chart II. It will be seen from the chart that the

TABLE VII
INDEX NUMBERS OF WEEKLY FLUCTUATIONS IN PAY-ROLLS IN THE CHICAGO
READY-MADE AND SPECIAL-ORDER BRANCHES AND IN THE TWO
BRANCHES COMBINED, FOR THE PERIOD, 1923-1930^a

Month (approx.)	Week	Ready-Made	Special-Order	Average ^b
Average	..	100	100	100
January	1 ^c	113	51	90
	2	118	57	98
	3	122	60	101
	4	123	60	102
February	5	121	71	105
	6	120	80	107
	7	119	89	109
	8	118	93	110
March	9	115	98	110
	10	111	113	112
	11	106	125	112
	12	97	148	114
	13	90	153	111
April	14	78	147	101
	15	70	134	91
	16	66	131	87
	17 ^c	62	120	81
May	18	73	117	87
	19	96	123	98
	20	98	118	105
	21	95	108	99
	22	103	91	99
June	23	115	98	109
	24	116	91	108
	25	121	84	108
	26	110	73	98
July	27 ^c	114	38	88
	28	129	53	104
	29	130	66	108
	30	126	67	106
August	31	120	65	102
	32	117	67	100
	33	114	77	102
	34	109	82	100
	35	94	93	94
September	36 ^c	92	93	92
	37	95	116	102
	38	94	125	104
	39	89	130	102
October	40	81	141	101
	41	79	138	98
	42	77	137	97
	43	71	139	94

TABLE VII (CONTINUED)

Month (approx.)	Week	Ready-Made	Special-Order	Average ^b
November	44	74	129	92
	45	80	127	96
	46	86	123	98
	47 ^c	82	108	91
December	48	92	113	99
	49	109	119	113
	50	106	114	109
	51	94	74	88
	52 ^c	88	38	72
Minimum as per cent of maximum	..	48	25	63
Standard deviation	..	18%	31%	9%

^aThe ready-made branch is represented by three very large firms with a combined average of approximately 7,000 workers, and the special-order branch by six large firms with a combined average of about 2,000 workers. Since there has been no apparent change in the seasonality of either branch, the figures given in this table represent the entire period 1923-1930. The periods studied have been 52 weeks long, rather than exact calendar years; this has had the effect of reducing slightly the fluctuations in the index of seasonality.

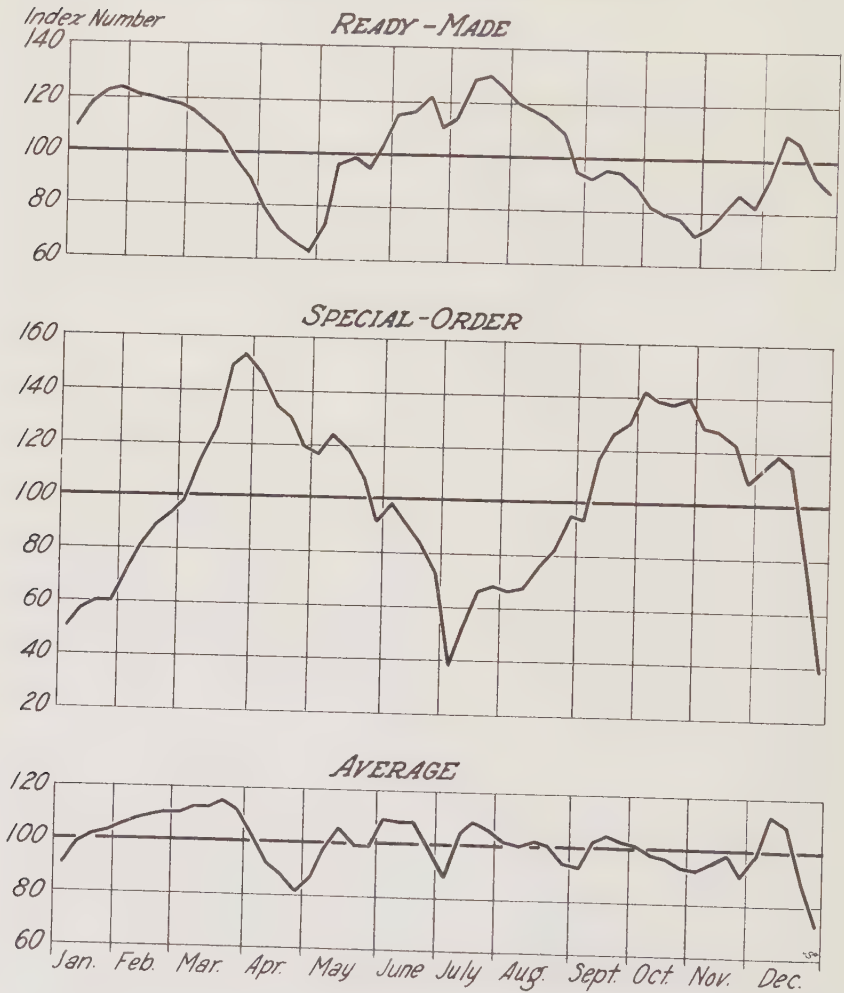
^bThe ready-made figures have been given twice as much weight as the special-order figures.

^cHolidays occurring in these weeks reduced production to some extent.

rise and fall of activity in each season is quite smooth, except for the disturbing influence of the holidays, and that the periods of maximum activity are short. It is also apparent that the seasonal fluctuations in the two branches of the industry are widely different. Not only do the seasonal movements in the special-order branch come later than those in the ready-made, being more closely dependent on consumers' buying, but they are much more pronounced. Whereas the minimum week's payroll in the ready-made branch forms 48 per cent of the maximum week's, the corresponding figure for the special-order firms is only 25 per cent; the standard deviation from the mean is only 18 per cent for the ready-made firms but 31 per cent for the special-order firms. It seems safe to conclude from this comparison that the organization existing for the handling of ready-made clothing actually succeeds to some extent in anticipating the demand of the consumer - at a cost, to be sure. In either case the waste in indirect charges must be very great. If the maximum week be assumed to represent capacity

CHART-II

INDEX NUMBERS OF WEEKLY FLUCTUATIONS IN
PAY ROLLS IN THE READY-MADE AND SPECIAL-ORDER
BRANCHES OF THE CHICAGO INDUSTRY



operation, it is apparent that the ready-made plants are idle 23 per cent and the special-order plants 35 per cent of their time due to seasonal fluctuations alone. In addition, of course, there is little question that wages, materials and other costs are substantially higher than they would be were production more stable.

From the point of view of management, to be sure, the disadvantage of seasonal fluctuations is easily exaggerated. Most of the evil effects, being predictable and common to all producers, can be considered as mere costs of production and passed on to the consumer in the form of higher prices. Insofar as this is true, seasonality is no more a disadvantage to the producers than is the necessity for paying for materials and labor. The incentive for each individual producer to reduce his own seasonal fluctuations, however, is very great.

Three distinct types of remedy for seasonality have been suggested; first, those depending on the influencing of consumers' demand, second, those calling for a shift of the burden to the retailer, and third, those devices which the manufacturer may adopt independent of any change in the habits of the consumer or the retailer.

From those activities designed to influence the consumer, little can be expected. To reach this conclusion, however, it is necessary to dispose of the popular belief that manufacturers are themselves responsible for seasonal production by originating the fashions which make it necessary and can eliminate it by ceasing to bring forth new styles in clothing.

The belief that manufacturers begin and perpetuate the fashion cycle, although supported by innumerable pep talks before manufacturers' associations, is contradicted by the testimony of the most careful students of the problem. The basic cause of the fashion cycle, to use the incisive words of Miss Kyrk, "is beyond the ken of the producer as it is beyond his power to control. He is keenly aware of it, he studies it, he anticipates it, he makes profit by it if he can and avoids losses, but he is not the cause and deus ex machina."¹

The final blame for changes in fashions, according to the most responsible authorities, must rest with the consumer himself. Veblen's explanation, although probably impaired in value by its

¹H. Kyrk, A Theory of Consumption (Boston and New York: Houghton Mifflin Co., 1923), p. 111.

assumption of objective standards of excellence, is a case in point. Changes in fashion, argues Veblen,¹ result from man's constant struggle to adorn himself more attractively. Since all new fashions must come up to "the accepted standard of expensiveness," and since "the norm of conspicuous waste is incompatible with the requirement that dress should be beautiful or becoming," every fashion which attains popularity is fundamentally offensive to native taste, soon becomes intolerable and is replaced by another fashion equally untenable.

According to the more satisfactory explanation advanced by Ross,² fashion results from man's desires to imitate and to differentiate. The socially elite, the only ones who can safely call attention to differences, introduce changes in dress to distinguish themselves from other people. These changes are copied by the common people, who wish to imitate the elite, and are soon widely adopted. The very success of a fashion, however, leads to its destruction, for the more universal is its adoption the more necessary are further innovations to distinguish the leaders. Ross' explanation is accepted by such later writers as Kyrk³ and Waite,⁴ while Nystrom also holds the consumer responsible for the changes in fashions.⁵

Relying on these expert opinions, which have not been seriously challenged, it is concluded that the influence of the producer over changes in fashion is slight and that there is little hope for the elimination of those changes through pressure on the consumer. It may still be claimed, however, that through well-planned propaganda the manufacturer could (1) induce the consumer to distribute his purchases throughout the year or (2) influence the adoption of styles to such an extent that considerable manufacture for stock would be possible. It is apparent, however, that no program of propaganda could be carried out profitably as an individual venture and it will be recalled that the manufacturers' incen-

¹T. B. Veblen, The Theory of the Leisure Class (New York: The Macmillan Company, 1905), pp. 173-177.

²E. A. Ross, Social Psychology (New York: The Macmillan Company, 1908), chap. 6.

³Op. cit., p. 269.

⁴W. C. Waite, The Economics of Consumption (New York: McGraw Hill Book Co., 1928), p. 120.

⁵P. H. Nystrom, The Economics of Fashion (New York: The Ronald Press Co., 1928), p. 32.

tive to achieve a general reduction of seasonal fluctuations is not very great.

While there is little basis for believing that producers will be able to persuade the consumer to change his buying habits, there still exists the possibility that the consumer will do this voluntarily, with as favorable a result. It is, in fact, difficult to believe that the decreasing importance of clothing as a channel for self-expression by the consumer can fail to result in smoother seasonal fluctuations.

A second class of remedies include attempts to shift part or all of the burden of seasonality to the retailer. The greatest possibility here lies in the ownership or control of retail outlets by the manufacturers themselves.

Although the control of retail outlets has been practiced chiefly as a means of guaranteeing volume, it has also been recommended as a means of reducing seasonality in production. Several manufacturers who have taken up the control of retail outlets have testified that that device actually does allow considerable reduction of the seasonal fluctuations. The net benefit to be derived from the device, however, is considerably less than seems at first apparent; for although the manufacturer is guaranteed a wholesale market for whatever he produces, he is not assured a retail market. The risk of manufacture in advance is not avoided, therefore, but is merely shifted from one part of the organization to another. In the opinion of many producers, the retail losses involved in early production are quite as great as the manufacturing gains.

Somewhat more promising than suggestions for controlling the demands of consumers or retailers are two devices for stabilizing production in spite of the seasonal demands of those parties. The first of these is to manufacture standard items for stock and the second is to introduce a line of clothing with a production curve complementary to that of the clothing already produced.

The manufacture of garments for stock is the most frequently advocated and generally accepted plan for eliminating the slack seasons. It is sometimes held that this remedy alone would be sufficient to smooth out the production curve. It is the opinion of the present writer that such a sanguine view is unjustified but that there is nevertheless some hope for the reduction of seasonality by such means.

Extensive production for stock as applied to the great bulk

of clothing sold at the present time is out of the question. Style changes in such clothing occur so frequently and values drop so sharply when garments are out of style that the manufacturer, paying out over 75 per cent of his net sales for direct charges, cannot afford to gamble on the probable style six months later.

Nor can the manufacturer solve his problem by producing only the standard models, such as conservatively cut blues, which change little from year to year. The mark-up on such models is low and whatever the manufacturer would gain through reduced costs would be lost to him through lower prices. He would simply increase the competition in the conservative clothing field, while someone else would take his place in the manufacture of stylish clothing. Consequently to urge the makers of stylish clothing to solve their seasonality problems by producing conservative clothing is no more satisfactory than to advise the fruit dealer to reduce his spoilage losses by selling hardware instead. Production for stock, then, promises most when manufacturers of fashionable clothing fill in their slack seasons by the advance production of standard garments. A good example is the production of Chesterfield overcoats for stock by the Hickey Freeman Company of Rochester. The manufacture of standards for stock can be carried furthest where combined with extensive advertising to consumers, to guarantee the sale of the garments made in advance. Statistical studies of the trend and distribution of sales are prerequisite to the success of manufacture for stock.

A suggestion which has frequently been made in the Chicago market involves combining the manufacture of ready-made clothing with that of special-order clothing. Since the busy seasons of each branch of the industry come roughly during the slack seasons of the other, it is possible by combining the two branches of manufacture to reduce fluctuations appreciably.

How much can be accomplished by this device under rather ideal conditions is indicated by the lower curve of Chart II, which is an average of the curves for the two individual branches. In forming this average curve the figures for the ready-made branch have been given twice the significance of the special-order figures in rough recognition of the greater market for ready-made clothing. The greater smoothness of the hypothetical production schedule is apparent from a glance at the curves. Whereas the minimum forms only 48 per cent of the maximum for the ready-made firms and 25

per cent for the special-order firms, the corresponding percentage for the averaged figures is 63; the standard deviations for the three series are respectively 18 per cent, 31 per cent and 9 per cent. If the maximum week be assumed to represent capacity operation, a firm with a production schedule represented by the average figures would lose only 12 per cent of its full time operation from seasonal fluctuations. This plan has rather limited applicability but has been beneficial where it has been fairly tried.

The conclusion to which the foregoing discussion seems to lead is that the consumer himself is chiefly responsible for seasonal fluctuations in the clothing industry and that manufacturers as a whole, by any method which has yet been suggested, can probably reduce them but slightly. That some individual manufacturers can greatly reduce their production fluctuations seems reasonably certain and the desire for increased profit should stimulate the whole industry to keep seasonal waste at a minimum.

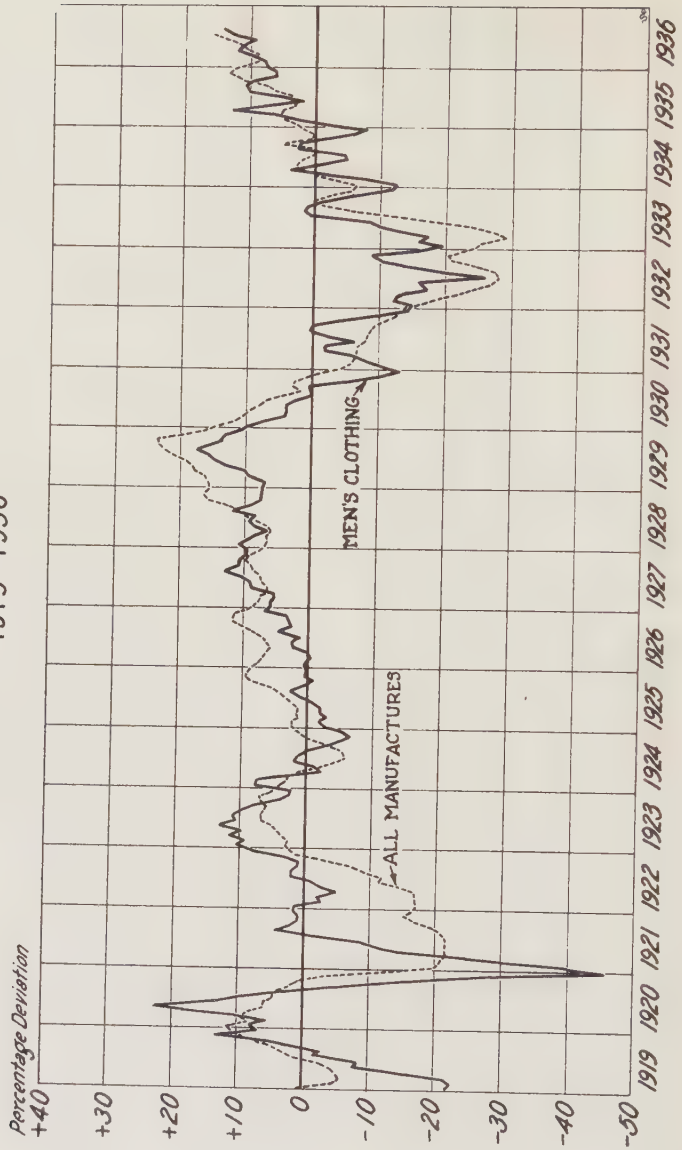
Cyclical fluctuations.--The sensitiveness of clothing purchases to general business conditions is generally recognized and has often been pointed out by economists.¹ It has not always been recognized, however, that cyclical changes in the demand for clothing are qualitative as well as quantitative in nature. Business cycles witness tremendous changes in the patterns and colors of cloth worn, garment models, proportions of separate pants, etc.

Probably the quantitative changes are more serious. Chart III indicates for men's clothing and all manufacturing the cyclical and random fluctuations of employment above and below "normal" during the period 1919-1936. These fluctuations are based on the employment indices of the U. S. Bureau of Labor Statistics. The extreme fluctuations during 1920-1921 and the depth and duration of the recent great depression should be noted particularly.

Since cyclical movements cannot be predicted far in advance and their cost passed on to the consumer with any degree of perfection, such fluctuations probably affect producers more seriously than do seasonal movements. Nevertheless, the reduction of cyclical fluctuations is largely beyond the power of the industry or of most manufacturers individually. Such devices as manufacture for stock are entirely impracticable for this purpose, and

¹For examples see Alfred Marshall, Principles of Economics (8th ed., London: Macmillan and Co., 1920), p. 111; and G. Casel, A Theory of Social Economy (1st ed., New York: Henry Holt and Co.), p. 591.

CHART - III
PERCENTAGE DEVIATIONS OF MONTHLY EMPLOYMENT FROM NORMAL;
MEN'S CLOTHING AND ALL MANUFACTURES
1919-1936



although the demand for particular brands may be stabilized somewhat by advertising,¹ many firms do not sell branded clothing and the demand for such clothing seems to be declining. The apparent tendency toward more stable buying by consumers is to be welcomed but cannot be expected to reduce cyclical fluctuations very much. The typical manufacturer, therefore, must expect to encounter such movements and must do what he can toward reducing their evil consequences. Familiarity with general business conditions and research in his own industry should not be overlooked in this attempt.

6. Marketing Practice

The organization through which men's clothing has been marketed has been profoundly influenced by the nature of the demand for the product and the characteristics of its manufacture. Changes in style and seasonal buying have generally prevented selling much in advance of delivery and have necessitated the existence of an organization which can function quickly. Together with the demand for great variety in the size, color, weight, style, etc., of clothing, they have made manufacture for stock dangerous, and have furnished a great incentive for selling and manufacturing to individual order. Jobbers are rarely used, garments typically being sold to the retailer or direct to the consumer. It is estimated that in recent times four-fifths or more of all ready-made suits and overcoats are sold to retailers, scarcely one-tenth are sold direct to the (household) consumer, and the remainder are sold to wholesalers or large scale consumers (institutions, etc.). The marketing of clothing in Chicago is distinct from that in most other centers. Almost two-fifths of all Chicago-made garments in 1928-1929 were marketed direct to the consumer.

The time required to secure materials, which are frequently purchased on a hand-to-mouth basis, and to make up and ship clothing, necessitates that retailers give their initial orders several months before the height of the season for which they are ordering. Salesmen for ready-made firms usually go out late in October or early in November to take orders for the spring season, while production is heaviest in January and February. Selling

¹See P. H. Douglas and A. Director, The Problem of Unemployment (New York: The Macmillan Company, 1931), pp. 225, 226. Also Vaile, "The Use of Advertising During Depressions," Harvard Business Review, April, 1927.

trips for the fall season are usually begun in late April or early May, while production reaches a peak in July. After initial orders have come in, re-orders are received in decreasing amounts until the season is almost over; retailers may also buy up for season-end sales any stock of garments which the manufacturer may have on hand late in the season, or which he may be willing to make up for reduced prices from left-over fabrics.

Due to the cost of delay in making deliveries, finished garments are usually shipped by express.

Credit terms are long and discounts are liberal, for competition among sellers is so keen that the retailer is in position to demand amazing concessions. There is no uniformity in the rates actually used and retailers frequently fail to live up to the terms agreed on. Many Chicago manufacturers state that whereas their credit terms usually specify net payments within 30 days, accounts average 60 to 90 days, and that even then the customers often ask for and get liberal discounts.

Another source of dissatisfaction for manufacturers selling through retailers exists in the cancellations of orders and returns of delivered goods, which are common in the trade. Of 22 Chicago firms supplying information on this point in 1929, only 7 reported cancellations and returns amounting to less than 5.0 per cent of total orders; 10 reported 5.0 per cent to 9.9 per cent; and the remaining 5 reported 10.0 per cent or more.

Among the important developments in the marketing of men's clothing through retailers during the past decade have been (1) a growth in the size of selling units, (2) a decline in the use of national advertising, (3) an increased stress on price as a selling point, (4) a growth in the importance of the chain store, (5) a movement toward factory control of retail outlets and (6) a tendency toward hand-to-mouth buying. The second and third of these changes reflect chiefly the declining demand for quality clothing, which has been noted earlier. The fifth and sixth developments appear to have lost their momentum during the depression. Chain stores continue to play an increasingly important part in the distribution of men's clothing. The combined annual volume of the 10 leading men's clothing chains in 1936 has been estimated at \$70,000,000.¹

¹See Daily News Record, October 28, 1936.

Sales of clothing direct to the consumer are, of course, made chiefly in the spring and fall, when consumers are most active in replenishing their wardrobes. Consequently the busy seasons for firms selling direct to the consumer come during the slack seasons of firms selling through retailers, and vice versa. The importance of prompt deliveries is even more important for special-order firms than for ready-made firms, and special-order deliveries are frequently made within 10 days or two weeks after orders are given. Special-order firms do not suffer from demands for unreasonable credit terms and other concessions to purchasers, but their losses on unclaimed or returned goods, the cost of unjustified alterations, claims and the cost of outfitting hundreds of unproductive salesmen are very substantial.

CHAPTER III

THE LABOR ASPECTS OF PRODUCTION

The labor aspects of the production of men's clothing are of particular importance. Not only are the workers in the industry numerous - totaling 119,000 in 1933, or one out of every 51 manufacturing employees in the country - but labor in men's clothing is of unusual significance in relation to the value of the product. In 1933, for example, 268 men's clothing workers but only 193 workers in industry generally were necessary to produce a million dollars worth of goods. Again, the labor problems involved in the production of men's clothing, some arising from the type of workers employed and some resulting from the rapid growth and the economic organization of the industry, have been unusually severe. Finally, it is necessary to call to mind but a few of the distinctive features of the labor aspects of the industry - the extensive division of operations, the large amount of woman labor, the prevalence of the piece-rate system, the high degree of unionism, collective bargaining, unemployment insurance, labor banking and producers' cooperation - to realize that the industry has served as a great laboratory for the testing of current labor theory.

1. Sources and Types of Labor

It is a truly remarkable fact that for almost a century the contribution of American men toward the production of their own clothing, a process carried on almost at their doorsteps, has been insignificant. On the other hand, it has been part of the initiation ceremony of every major group of immigrants that its members should for a time shoulder the responsibility for clothing the people among whom they settled. One after another, the English and the Scots, the Irish, the Germans, the Jews and the Italians have supplied the greatest number of immigrant workers, while several less numerically significant peoples, such as the Swedes, Bohemians, Poles and Lithuanians, have dominated in individual markets and have filled in the gaps in the industry as a whole. The present distribution of workers in the industry as a whole is es-

timated to be approximately as follows:

Italians.	40 per cent
Jews.	35 per cent
Poles	10 per cent
Lithuanians	5 per cent
Others.	10 per cent

Although, as is indicated by the above figures, the Jews have lost their former lead in numbers, they have continued to be by far the most influential workers in the industry, acting chiefly through the union, which they have always dominated. The unusually large proportion of men among the Jewish workers has given them an advantage over groups furnishing chiefly women; their influence has resulted largely from their contributions of leadership, aggressiveness and group loyalty, rather than from their numbers alone. The reluctance of young Jewish people to go into the industry and toil over the machines makes it likely that their numbers in the future will be even smaller than at present. Most of the young workers in the industry today are Italians and Poles.

In Chicago the Bohemians and Poles have maintained an important place for many years, in spite of increases in the number of Italians and Jews. The Bohemians, however, are now dropping out of the industry and the Jewish workers are not increasing. Following is the estimated present distribution of the workers in Chicago:

Bohemians	25 per cent
Poles	20 per cent
Jews.	20 per cent
Italians.	15 per cent
Others.	20 per cent

The typical clothing worker of 40 years ago was an unsimilated immigrant, living in the foreign section of some great city and knowing little of American customs or ideals. Today, although being the son or grand-son of an immigrant, he is himself native born, and scarcely distinguishable from millions of other intelligent and respected workers. To say that the influence of the foreign element in the clothing industry has ceased to be significant, however, is by no means accurate, for there is great evidence that the lives of the clothing workers are influenced by their racial and national groups. To a considerable extent, for instance, the workers' nationalities still determine where they will live. The dog-eared foreign-language books in the union libraries testify that for some the English language is not used with the greatest ease, and in numerous small shops it is never

spoken even today. The union has had to contend with the disrupting influence of race differences on numerous occasions. It has been necessary in the past for the union to issue publications in English, Yiddish, Italian, Polish, Lithuanian, Bohemian, Russian and French, and in recent years, when the depression has forced a reduction of this variety, there have been strong and persistent demands to re-establish the foreign language publications which have been dropped. At several union conventions delegates have requested permission to address the group in foreign languages, and a resolution offered at the Cincinnati convention in 1928 called for the abolition of the craft-local form of organization and the establishment of "a system of uniform language locals in all of the markets," a principle which of necessity had already been adopted on a much smaller scale.

Important factors which have been steadily breaking down the racial differences distinguishing the clothing workers from each other and from other American workers have been the cutting off of the sources of supply of new immigrant workers and the influence of the Amalgamated Clothing Workers.

Women have always played an important part in the industry. In the last census report (1929) they made up approximately 55 per cent of all workers; the significance of their number is more easily apparent when it is noted that they included one woman out of 23 in all manufacturing industry. The women continue to confine their work to the lighter and less skilled operations, being most numerous as operators, hand sewers and performers of such miscellaneous tasks as button-hole making and ticket sewing. A majority of them are unmarried. They have been good union members and have recently made up two-fifths of the entire union membership and more than half the total membership in Chicago and Rochester. They have supplied numerous organizers and local officers and have been represented on the executive board of the Amalgamated, but they cannot be said to have had an important part in forming the policies of the union.

To a greater extent than ever before, the modern clothing worker is a specialist. He is a cutter or a trimmer or a worker on coats, pants or vests;¹ but he can no more make a suit of

¹The total time spent in the Chicago market in a recent year was distributed among the groups of workers as follows: cutters, 10 per cent; trimmers, 2 per cent; coat workers, 57 per cent; pants workers, 18 per cent; vest workers, 10 per cent; miscellaneous, 3 per cent.

clothes than can the modern automobile factory worker turn out an automobile. He cannot even produce the single piece on which he specializes, but performs only one small operation, such as the basting of sleeves, the marking of button holes, the pressing of collars, etc., which he learns to accomplish with great speed and skill. So great is his specialization that for a button-hole maker in a vest shop to start making button-holes for coats requires the spending of many hours in the forming of new habit patterns; consequently it involves a temporary loss of earning power and is objected to by women button-hole makers.¹

The differences between the clothing workers of 40 years ago and the clothing workers of today have not come entirely as the results of labor legislation, the changing organization of the industry and the rise of unionism. The change would have been impossible without great gains in earnings and decreases in the hours of labor. In the following section, therefore, it will be attempted to indicate approximately what has happened to the worker's income and the length of his working day to facilitate the changes which have occurred.

2. Wages, Hours and Conditions of Labor

Wages.--Although only fragmentary and undependable material is available to indicate the level of clothing workers' wages during the early days of the industry, there is no question that the immigrant workers who made up the labor force received very low wages. According to later testimony before the Senate Committee on Education and Labor the average wage paid during the 'fifties under the family system of production "was from \$8 to \$10 a week for a man and his wife."² This payment was for long hours, with the worker furnishing workroom and equipment. Wages rose substantially following the Civil War, but dropped again to a pitifully low level during the 'eighties, when the workers in the clothing shops were described as being "without doubt the misera-blest class of working people in New York."³ Moderate gains were recorded by the end of the century.

¹W. E. Atkins and H. D. Lasswell, Labor Attitudes and Problems (New York: Prentice-Hall, Inc., 1924), p. 151.

²Labor and Capital, Report of the U. S. Senate Committee on Education and Labor (Washington: U. S. Government Printing Office, 1885), I, 414.

³Ibid., p. 750.

Brissenden's and Douglas' estimates of changes in money and real earnings, presented in Table VIII, indicate that from the

TABLE VIII

BRISSENDEN'S AND DOUGLAS' ESTIMATES OF AVERAGE ANNUAL MONEY EARNINGS AND INDEX NUMBERS OF REAL ANNUAL EARNINGS IN THE MEN'S CLOTHING INDUSTRY, 1899 - 1928

Year	Annual Money Earnings			Index of Real Earnings	
	Brissenden		Douglas	Brissenden	Douglas
	Men	Women	All Workers	(1914 = 100)	
1899	\$ 555	\$259	\$ 376	101	102
1900	565	...	393	100	103
1901	572	...	400	99	103
1902	596	...	441	100	111
1903	591	...	455	95	109
1904	606	283	417	98	101
1905	628	...	447	102	108
1906	657	...	467	103	109
1907	670	...	471	99	104
1908	650	...	422	101	97
1909	716	335	469	111	107
1910	802	...	484	117	105
1911	861	...	550	122	116
1912	838	...	516	117	108
1913	859	...	540	117	109
1914	743	346	500	100	100
1915	759	...	488	104	99
1916	982	...	551	124	103
1917	1,195	...	649	125	101
1918	1,503	...	828	129	105
1919	1,624	757	1,129	122	127
1920	1,979	...	1,384	130	134
1921	1,683	784	1,222	129	138
1922	1,697	...	1,097	138	133
1923	1,857	865	1,208	148	143
1924	1,688	...	1,131	134	134
1925	1,639	765	1,173	130	136
1926	1,598	...	1,146	124	133
1927	1,590	...	...	125	135
1928	...	...	...	...	131

Sources: P. F. Brissenden, Earnings of Factory Workers, 1899 to 1927 (Washington: Government Printing Office, 1929), pp. 108, 201; P. H. Douglas, Real Wages in the United States, 1890-1926 (Boston and New York: Houghton Mifflin Co., 1930), pp. 265, 267. Douglas' index numbers for 1926-1928 are computed from material in Douglas and Jennison, The Movement of Money and Real Earnings in the United States, 1926-1928, pp. 6, 54.

beginning of the century to 1914 increases in money income scarcely kept pace with rising prices, so that the worker in 1914 was able to buy only about as much with his wages as he could buy in 1900. Thereafter, however, real earnings rose substantially, un-

til in 1923, the peak year in the size of the industry and in the rate of profits realized, they were from two-fifths to one-half higher than in 1914.¹ Average earnings per hour for the country as a whole dropped from \$.760 in 1924 to \$.701 in 1930, and to \$.506 in 1932. Due to increasing unemployment, earnings dropped much faster, and real earnings unquestionably fell greatly. It is estimated from figures collected by the Men's Clothing Code Authority in 1934, however, that by that year average actual earnings in the industry as a whole were approximately \$885, indicating that real earnings, although still substantially below the 1923 level, had approximately regained their pre-depression position.

Wage rates have for many years been higher in Chicago than in other centers. In 1932, for instance, when the average hourly rate in the Chicago market, according to data published by the U. S. Bureau of Labor Statistics, was \$.649, the rates in New York, Philadelphia, Rochester and Baltimore were only \$.583, \$.490, \$.546 and \$.295, respectively, and the average for the country as a whole was only \$.506. Average rates per hour, average annual full-time earnings and average actual annual earnings for approximately 9,000² workers employed by six large Chicago firms during six recent years are given in Table IX. The substantial difference between full-time earnings and actual earnings reflects, of course, the effect of partial unemployment.

Except in New York and a few minor centers, nearly all workers other than cutters and trimmers are paid on a piece basis. Because of the exacting nature of their work, cutters and trimmers are almost invariably paid by the hour; even for these workers production standards are sometimes set. Men and women generally receive the same piece rates for identical operations, but most of the workers in the higher paid jobs are men.

Hours.--Average hours of labor throughout the year have never been long in the men's clothing industry, but excessive hours during the busy seasons characterized the industry for many decades. Throughout the 'seventies and 'eighties, for example, the

¹It should be mentioned that the workers making the greatest gains during this period were those who were paid the least at the beginning of the period.

²This was the approximate average for the five years ending May 1, 1930; in 1935 the number was substantially smaller.

TABLE IX
HOURLY RATES, FULL TIME ANNUAL EARNINGS AND ACTUAL ANNUAL
EARNINGS FOR MEN'S CLOTHING WORKERS, 1926-1930 and 1935

Year Ending May 1	Average Hourly Rates	Average Annual Full-time Earnings	Actual Annual Earnings
1926	\$.888	\$2,032	\$1,364
1927	.911	2,084	1,478
1928	.991	2,267	1,673
1929	.950	2,174	1,533
1930	.950	2,174	1,453
Average 1926-30	.938	2,146	1,500
1935	.785	1,470 ^a	883

^aIn 1933 the standard work week was reduced from 44 hours to 36.

hours of work in busy periods were from six in the morning until ten at night for the home workers and about twelve hours a day for the shop workers. This did not, of course, include the cutters, who had always had relatively short hours and who in New York, in 1886, gained the nine hour day. Such exceptionally long hours were gone by the beginning of the century, however, and by 1909 the census could record that 55 per cent of all men's clothing workers had a nominal work week of 54 hours or less, while fewer than 1 per cent worked more than 60 hours. Men's clothing had ceased to be an industry of exceptionally long hours and had a much shorter work day than industry as a whole, in which only 31 per cent of the workers were employed as few as 54 hours a week while 9 per cent worked more than 60 hours. The next five years saw further gains for men's clothing workers. By 1914 only 8 per cent had a normal work week of over fifty-four hours and one out of five worked but 43 hours.

The rise of unionism and the advantageous position of labor during the war and post-war periods made possible a reduction of the normal work week by fully seven hours, so that by 1922 the 44 hour week was generally established. Strict regulations on overtime had been imposed in most centers in the meantime so that by 1930 even in the busy periods hours of more than nine a day were infrequent. With the adoption of the code under the N.R.A., maximum hours were limited to 36 a week and this standard has been pretty well maintained even since the demise of the N.R.A. Men's clothing workers continue to work much shorter hours than the typ-

ical industrial worker.

Working conditions.--The conditions of the New York tenement workers during the 'sixties and following, and of Chicago sweat shop workers during the 'eighties and early 'nineties have been accurately described in the blackest terms. To a large extent the wretched lives of the early clothing workers resulted directly from the lowness of their wages and the same inefficiency and poor bargaining power which were responsible for the wage level. Along with rising wages and shortening hours, working conditions improved materially by the end of the century. Sweating was almost completely eliminated by 1914, but cropped out briefly again during the World War and during the recent depression. It ended abruptly with the adoption of the code of fair competition in 1933.

It can safely be said that the problem of the conditions of work, as well as that of excessive hours, has ceased to be a major concern of the clothing worker. To a much more serious problem - that of irregular employment - the discussion of the following section will be devoted.

3. The Instability of the Industry as a Problem of Labor

The instability of the methods and volume of production has worked to the disadvantage of the clothing worker in a number of ways, and may be regarded as the most potent factor threatening his standard of living, reducing his sense of security and destroying his morale. The frequent interruptions of work and the worker's fear of unemployment have probably reduced his efficiency. The irregularity of the worker's income has reduced the satisfaction he has received from that income; for he has found himself to be extremely opulent at one time and pressed for funds at another. Irregular production has also reduced the membership in labor organizations and has been an important obstacle in the way of union control. Moreover, the same factors which have increased the cost of clothing to other consumers have also made the worker pay more for his apparel than would otherwise be necessary.

The most direct result of instability, however, and one without which many other evils would disappear, has been to throw the worker out of employment during a substantial portion of each year. The present section will be given over to a discussion of the extent of the several types of unemployment and the difficulty which the worker encounters in meeting them.

Seasonal unemployment.--Most estimates of seasonal unemployment are based on data which understate the true extent of the problem. The material available for use in the present study, based on figures collected by the Chicago Unemployment Insurance Office, has been presented in Chapter II in connection with the discussion of seasonality as a problem of management and is believed to be particularly dependable. The workers included in the Chicago figures have made up a fairly homogeneous group,¹ the availability of payroll data² makes it possible to take account of part-time employment, and the presentation of weekly instead of monthly records reflects many changes which would be missed by such figures as those of the census or the Bureau of Labor Statistics. Thus, while not ideal, the material is probably superior for showing seasonal fluctuations in employment to any other which has been collected in the industry. The indices of seasonality which have been based on the material are thought to understate rather than to exaggerate the variations in the industry.

These indices will be recalled to show very wide seasonal movements. It is indicated that in the ready-made branch of the industry covered, employment ranges from a high point of 130 per cent of normal to a low of 62 per cent, while the standard deviation from normal is fully 18 per cent. If the maximum week be taken to represent merely complete employment with no overtime,³ it is indicated that at its worst⁴ employment falls to less than

¹The firms have been in the same branch of the industry and there has been no very great difference in the quality of their products or the location of their markets. The different seasonalities of the occupations within the firms have varied more in extent of fluctuation than in time of fluctuation.

²There were no important changes in wage rates during the period covered.

³This does not seem to be a radical assumption, even for times when the industry is not overmanned. The highest level reached during the year is not used, since the figures cover an entire week. And any tendency to exaggerate the fluctuations which this assumption may involve is probably more than offset by the averaging together of the workers performing different operations and in slightly different types of firms. The use of a fifty-two week period instead of a year, and the shifting of Easter from one week to another have also tended to reduce the fluctuations.

⁴The minimum week in each branch of the industry is a week in which a holiday occurs. Holidays coming in slack seasons, however, do not greatly reduce the total amount of work for the weeks in which they occur, since most of the lost time is made up in the days before and after the holiday. If weeks including holidays be

half its full-time level, while the average loss due to seasonal fluctuations is 23 per cent of full-time, or 12 entire weeks a year. In the special-order branch employment ranges from 153 per cent of normal down to 38 per cent, while the standard deviation is 31 per cent. Assuming that the maximum week represents full-time employment without overtime, it is indicated that at its worst employment falls to a quarter of its full-time level, and that the average loss due to seasonality amounts to 35 per cent of full-time employment, or 18 weeks a year.¹ Severe though these fluctuations be, they are probably not so great as those in the contract shops, for which comparable figures are not available.

In spite of the tremendous amount of unemployment in which seasonality results, it is easy to exaggerate the suffering which this unemployment necessitates. To assume, for instance, that the time lost due to seasonal fluctuations involves a proportionate loss in annual income is to make a great error, for it is certain that the workers in the industry are at least partly compensated for their losses by means of higher wage rates than they would otherwise have. These wage rates have enabled the clothing workers to maintain annual earnings comparable with those of other workers in spite of the long periods of unemployment involved in the production of clothing.² The support of the clothing workers through several weeks of unemployment each year is one of the costs paid by the consumers of stylish clothing.

A second factor which reduces the distress resulting from

disregarded, employment in the ready-made branch falls to 51 per cent of its full-time level and employment in the special-order branch falls to 35 per cent of its full-time level.

¹These measurements should not be taken to apply to the entire branches which they represent. They are thought to be conservative estimates for typical firms in the two branches; but it is to be expected that the fluctuations from firm to firm and from operation to operation will show considerable differences.

²The men's clothing workers' average hourly wage of \$.750 and average annual earnings of \$1,146 in 1926 compared with an average hourly wage of \$.647 and average annual earnings of \$1,309 in manufacturing industries generally (P. H. Douglas, Real Wages in the United States, 1890-1926, pp. 101, 108, 265 and Table 147 following p. 392). The comparison of average annual earnings is quite favorable when it is remembered that more than half of the workers in the men's clothing industry were women. An important factor in the height of the wages of the clothing workers, of course, has been the existence of a strong union. The concentration of these workers in large cities has probably made their living costs somewhat higher than the costs of the average industrial worker.

seasonal unemployment is the predictability of that unemployment.¹ Regular workers have come to expect from long experience that, aside from unusual occurrences (which the economist recognizes as cyclical and random disturbances), the two slack seasons during the year will involve unemployment to an extent which they can estimate in advance with considerable accuracy. For example, the coat operators² in the Chicago ready-made firms mentioned above anticipate that beginning with the early part of February they will lose more work each week until about the first week in May, when their employment will pick up; that after the middle of July work will be slack again until the latter part of October. They are pretty well aware that in normal times they will lose from five to six weeks during the half year following the peak of the spring season and from six to seven weeks during the next half year.

Anticipating these variations in employment, the clothing worker is largely able to overcome their disadvantages. In the first place, partly in the form of cash and partly in the form of durable commodities, he can save a portion of his peak earnings for slack times. In addition, by means of charge accounts, installment buying and small loans, he can in slack periods make use of his future income. He can perhaps arrange to earn a little at some other occupation during these recurrent slack periods. It is consequently not necessary that the actual consumption of the worker, in terms of food, clothing, shelter, doctors' services, amusements, etc., vary as widely as the workers' income. The testimony of hundreds of clothing workers and members of their families indicates that these devices are very widely used, and it appears to the writer extremely doubtful that the actual consumption of the workers shows any significant seasonal variation at all, corresponding to the variations in production.

The chief costs of seasonal unemployment to the clothing worker, therefore, are probably not recurrent periods of privation and want, but the slight amount of effort involved in distributing

¹For this factor to operate, it is necessary that seasonal fluctuations be predictable for the individual worker as well as for the establishment as a whole. This requirement is met throughout much of the industry by the voluntary action of employers (who have little reason for distinguishing among workers since they pay on a piece basis) or due to the union's rule calling for the equal division of work.

²The seasonality of employment for these workers is probably similar to that for all operatives as a group.

his income evenly throughout the year, the cost of obtaining credit and, perhaps, some loss in the amount of his annual income.

Technological unemployment.--The displacement of workers by the introduction of machinery and improvements in the organization of production has resulted in a much more acute unemployment problem than has the seasonality of production. Up to about 1923, in spite of the great improvements in equipment and methods which were taking place, technological unemployment existed only locally and on a small scale, for the expanding market called for even more clothing than the increasingly productive workers could provide. In the following decade, however, the great increase in the productivity of labor, together with the declining demand for clothing, forced thousands of skilled and semi-skilled workers completely out of the industry. The extent of this recent technological unemployment is unknown, but it is probably very great. The census figures have been seen to record a decline of 18,000 in the number of unemployed in the industry between 1923 and 1929. In addition, an increase in the prevalence of part-time work has been necessary.

Since it has been impossible for the writer to study the occupational readjustment of a large number of workers, the present account will be confined to a small group of Chicago cutters.¹ The cutters have not, of course, been typical of the workers as a whole, but have been male workers, highly skilled highly paid and pretty thoroughly Americanized. They have probably fared better when thrown out of work than other operatives in the clothing industry.

The cutters were not affected by the introduction of machinery for there was no machinery in use in the cutting rooms when these workers were displaced which had not been used for many years. They had suffered severely, however, from the decline in the quality of clothing. Firms which had previously cut suits one or two at a time began cutting as many as 20 at a time, and less care was taken in the matching of patterns, the piling of lays and so on, so that one cutter was sometimes able to perform the work which had formerly required several men.

The 370 cutters who provided information for the present study made up two groups of workers who had lost their jobs in dif-

¹A fuller account of the experience of these men is given in the writer's "Occupational Readjustment of Displaced Skilled Workers," Journal of Political Economy, XXXVII (August, 1929), 473-489.

ferent manners. One group of 153 men had been displaced by the liquidation of a number of Chicago firms during the period 1921 to 1926 - most of them during the latter half of the period. The other 217 workers left the cutting rooms of Hart, Schaffner and Marx in 1926, after receiving a dismissal wage. Most of the men were young or middle-aged and many of them had come into the industry since 1914. When employed full-time, they received an average wage of almost \$48 a week.¹

A few of the cutters had been running small businesses, such as groceries and markets, on the side for years and were able, after losing their jobs in the clothing industry, to give their full time to these businesses. Others had friends or relatives who were prepared to give them jobs at once, or were fortunate enough to find work through other channels after only a few days. The men able to go into regular jobs without losing as much as two weeks time, however, made up less than a third of the total. Of 240 cutters reporting their loss of time before securing their first regular jobs, a third lost 6 months or more, while the average loss was 5.2 months.

Even after losing considerable time, however, many of the men were at first forced to accept very unsatisfactory jobs. Only 3 are known to have gone into regular jobs as men's clothing cutters in Chicago, while 28 were put on the union's temporary list, found cutting jobs out of town or secured positions cutting women's clothing, uniforms, overalls, tents or awnings. Thirty-one per cent of the men² found first regular jobs as salesmen or real estate and insurance agents, and many of these were paid only on a commission basis. The rest of the men who found jobs were scattered through a great variety of occupations ranging from ditch digging to the practice of medicine.

By the early summer of 1928, when the present study was made, some improvement in the employment conditions of the 370 men had taken place. By that time all of the men, excepting those who had returned to their trade, had been out of cutting for at least a year and a half and had had sufficient time to become adjusted to their new situation. There had been a movement back to cutting,

¹This wage refers to the Hart, Schaffner and Marx cutters and does not include a few trimmers, who averaged about \$9 a week less.

²Information concerning the first occupation entered has been secured for only 264 men.

for the percentage of the men engaged in cutting of any kind had increased from 12 (referring to the first regular jobs) to 20 in 1928. The proportion of salesmen, however, had dropped from 19 to 15 and that of real estate agents from 12 to 6. A larger proportion of these salesmen and agents, moreover, were paid salaries instead of commissions.

Of the 75 men giving their occupation as cutters, only 16 were known to have regular work in Chicago. Twenty or more were on the union's temporary list and worked but two or three months a year. In addition to the cutters, however, 17 men were operating small tailor shops. Thus, approximately one worker out of four was engaged in cutting or in work similar to cutting.

Of the 278 men who did not get into any work at all similar to cutting, 42 were not employed at all; these included 6 who had never had a regular job since leaving their trade and several others who had worked but little. Relatively few had become professional men, but skilled workmen, grocers, and drivers were more numerous. Of the salesmen, about a fourth were working on a commission basis with very poor jobs. Among the real estate and insurance agents, too, there was a rather large proportion of exceedingly unremunerative jobs, though one real estate agent claimed just to have finished a year in which he had cleared \$8,500 and several others appeared to have made even more. Most of the caretakers¹ (4 per cent of the total) and laborers (2 per cent) and some of the factory and industrial workers (5 per cent) were paid miserably low wages.

It is apparent, then, that even by 1928 the employment condition of the men was not very favorable. As a very rough estimate, 25 per cent of the workers were in jobs which would generally be conceded to be better than cutting, 40 per cent were in worse jobs (this class includes those retired, ill, and unemployed), and 35 per cent were in jobs approximately as good.

Scarcely more than half had held a regular job in but one trade² after leaving cutting; over one-fifth had worked in two, and about one-fourth had worked in three or more.

¹A few of these were gasoline-station attendants and were fairly well paid.

²The inquiry concerned trades rather than jobs and some men had had more than one job at the same trade. Where men changed from one trade to another and then back to the first again, they were counted as having had three trades.

Of 276 men providing information as to the trend of their earnings up to the time of the inquiry, only 84 were earning more than they had earned as cutters, while 128 were earning less and 74 were earning about the same. Of 328 indicating whether or not they owned the business in which they were working at the time of the inquiry, only 63 were owners, while 265 were not. A significant indication of the welfare of the men lay in their attitude toward returning to cutting. Of 272 workers providing information on this point, 166 had either already returned to cutting or wished to return; this was in spite of the fact that the workers in the trade were known to be losing much time even in the busy seasons.

An analysis of the schedules by age classes reveals that the men from 35 to 39 were decidedly more successful than the others in making an occupational readjustment. It is generally, though not unanimously, indicated that as the ages were progressively greater than 39 or less than 35, the chances for favorable readjustment diminished.

Cyclical unemployment.--General business fluctuations, like technological changes within the industry, caused less unemployment among the men's clothing workers in the past than they have in recent years. When the industry was just coming into its own, a business depression forced many people to buy ready-made instead of custom-tailored clothing.

Since ready-made clothing has come to dominate the field, however, cyclical fluctuations have been responsible for wide spread unemployment. It is, of course, both impossible and irrelevant to indicate the proportion of full-time work which can be expected to be lost over a long period of time due to cyclical fluctuations. The analysis of the employment data of the United States Bureau of Labor Statistics has shown, however, that the deflation period of a business cycle may result in the complete unemployment for a time of at least half of the workers employed in prosperity. The experience of the recent depression shows that unemployment may not only be severe, but it may drag on for several years before a business revival brings relief.

Extreme cyclical unemployment, to be sure, comes infrequently; but its consequences are more severe than those of unemployment of any other type. The characteristics of cyclical unemployment which make it particularly difficult for the workers to withstand are its extent, its unpredictability, and its likelihood of affect-

ing all industries at the same time. The first of these characteristics makes the maintenance of reserves necessary, while the second and third tend to make it impossible for individual workers.

To expect each individual clothing worker to set aside enough of his meager earnings to tide him over a business depression, the time and duration of which no one can accurately predict, is to be blind to the circumstances and psychology of those workers. But for many of the unemployed to borrow enough to maintain their standard of living throughout a serious depression is equally out of the question. If the workers turn to other occupations to make a living, they find that those occupations too are affected by the depression and cannot even take care of their own workers. Cyclical unemployment stands as one of the major problems confronting the workers in the industry. Its palliation is deserving of very great efforts on the part of the union, the employers, or the state.

Irregular unemployment.--Many kinds of unexpected and irregular fluctuations in production, in addition to those already discussed, have brought unemployment to the workers. In the past, one of the most serious causes of irregular unemployment was the influence of fortuitous factors in the laying off of men during the slack seasons. This situation introduced an element of uncertainty into seasonal unemployment (from the individual's point of view), but the uncertainty has largely disappeared due to the increasing payment of piece-rates and the union's insistence on equal division of work during the slack seasons.

Much time has also been lost by the workers while shifting from one job to another. Workers have frequently lost employment when unfavorable weather has affected sales, when sudden style changes have called forth the elimination of certain operations and from breakdowns, sickness and accidents. Such losses have usually affected relatively small groups of workers, and they have rarely been great in extent. Nevertheless, since they have been unexpected, they have sometimes been difficult to overcome.

A fairly important cause of irregular unemployment has existed in strikes and lockouts in the industry.¹ While few accurate

¹Another means of industrial warfare which has often been used by clothing workers exists in the "stoppage," typically a sudden, spontaneous strike of the workers in a single shop to avenge some real or imagined grievance or to accomplish some end. Stoppages have usually lasted only from twenty minutes to a few hours.

figures are available to show what the extent of labor disputes has been, it is indicated that over a period of years they have taken considerable time.

From material collected by the Amalgamated Clothing workers during the period May 1, 1918 to February 1, 1926 it is possible to estimate the time lost through labor disputes in the men's clothing industry in the years when the Amalgamated was conducting its major organization drives. While this material has not included disputes in which the Amalgamated has not been involved, the omissions due to this limitation have probably been more than offset by the inclusion of a few disputes in the shirt and work clothing industries. During the entire 93 months the union was involved in 692 industrial disputes, an average of 89 per 12-month period.

More detailed information for the period May 1, 1918 to March 31, 1924 indicates that the Amalgamated's strikes¹ have involved many workers and have been relatively long. During the period covered, the 542 strikes reported averaged 760 workers apiece and lasted an average of 35.7 days. In 476 strikes for which full information is available the total man-days involved amounted to approximately 23,000,000; if it be assumed that the remainder of the 542 strikes averaged the same number of man-days as these 476, it may be estimated that the total loss was roughly 26,000,000 man-days, or 4,400,000 man-days per 12-month period. Assuming further that six-sevenths of the days lost were work days, and estimating the number of workers engaged in the industry during the period at 175,000, the average time lost per worker is seen to have been almost 22 days a year. This, of course, was an unusual period and by no means typical of general conditions.

To assume that every man-day involved in an industrial dispute implies the loss for all time of that much employment, however, is by no means justifiable. Firms tied up by short disputes often furnish the same amount of employment in the long run by postponing their production periods for a time. Where long disputes prevent a firm from filling part or all of its orders, the work usually goes elsewhere to provide employment for other workers. Labor disputes probably tend to increase the number of workers among whom a given amount of work must be divided; but it is doubtful whether their direct effect is to decrease significantly the amount of employment available.

¹Only a few lockouts are included in the figures.

U. S. Bureau of Labor Statistics data for the men's clothing industry alone report only 37 disputes beginning in 1934, involving 9,239 workers; these made up only 2 per cent of the industrial disputes in industry generally and less than 1 per cent of the workers involved. In 1935 there were 59 disputes, involving 14,127 workers; the percentage of the total disputes was still negligible. While the figures for the men's clothing industry did not include numerous short "stoppages," they served to indicate the extent to which collective bargaining has replaced industrial warfare.

The total extent of unemployment in recent times.--What all these types of unemployment together have meant to the clothing workers in the country as a whole cannot be demonstrated. It has been estimated by President Hillman of the Amalgamated Clothing Workers before a sub-committee of the United States Senate that during the winter of 1931 fewer than half the workers in the industry were employed at all; and that in New York, where conditions were particularly bad, only about 10 per cent of the workers were employed, and these for only 10 weeks a season.¹ This estimate, of course, has depended largely on observation, for statistical data covering the industry as a whole, or even the New York market, are not available.

A much more dependable estimate of unemployment in the Chicago market may be made from the valuable data collected by the unemployment insurance office. The wage data which have already been used in Table IX show that during five recent pre-depression years 9,000 regularly employed workers were out of work fully 30 per cent of the time, and in consequence earned an average of only \$1,500 a year instead of the \$2,146 which full-time employment would have brought them. These figures, of course, do not reflect the losses of the totally unemployed.

The total working force in the Chicago market probably averaged less than half of full-time work during the depression. If the number of workers dependent on the industry be estimated at 16,500,² full-time employment should be expected to have amounted

¹Daily News Record, January 9, 1932.

²This is thought to be a conservative estimate. It is slightly lower than the greatest number actually employed at one time during 1928 and is probably much lower than the number of workers seeking work in the market in that year. Even in 1932 the Chicago joint board of the union had a ledger record of 21,000 members, of whom 12,000 or more had paid their dues in full.

to 36,960,000 man-hours per year.¹ The actual hours of work in the market during the year ending April 30, 1929, however, amounted to only 68 per cent of this full-time level and in the year following only 59 per cent of full-time employment was achieved. The percentage for the years ending May 1st, 1931, 1932 and 1933, respectively, were only 48, 40 and 29!

So much effort has been exerted by the union in assisting the worker to combat unemployment, and so little by any other group, that the section devoted to remedies may properly be entitled "The Amalgamated's Attack on Unemployment." In order to provide a proper setting for this discussion, however, it will be well to examine the history and development of the union itself.

4. Labor and the Amalgamated

Origin and growth.--The tombstones of the unions which have lived and died in the men's clothing industry would fill a very large graveyard. The journeymen tailors in the custom trade, of course, had unions before the ready-made industry existed, and as early as the 1830's were making concerted efforts against their employers in several cities. The cutters in the new industry formed numerous locals in the important centers, typically gained the ends for which they were organized, lived on obscurely for a few years, and then died from sheer ennui, the leaders conceiving of no other ends to be accomplished. One of these was the Garment Cutters' Association of Philadelphia, from which sprang as a biological sport the Noble Order of the Knights of Labor.

The organization of unions among the other operatives in the industry was unimportant until the 'eighties, when the Jews began to enter the shops. These Jews knew nothing of unionism, but were capable of being organized and of struggling against low wages. The American Federation of Labor, moreover, as soon as it was founded, also made strenuous efforts to organize the clothing industry.² The United Garment Workers of America was organized as the first national union of clothing workers in 1891. The U. G. W. included both cutters and shop workers. It established locals in all the important clothing centers, affiliated with the

¹This is on a basis of 52 weeks with 44 hours per week (the standard at that time), but with a deduction of 48 hours a year for holidays.

²Samuel Gompers, Seventy Years of Life and Labor (New York: E. P. Dutton & Co., 1925), I, 278-279.

American Federation of Labor, and fought and won a bitter war against the Knights of Labor for supremacy in the clothing industry. Its greatest membership of 60,700 was reached in 1914 just before the secession of the group which later formed the Amalgamated Clothing Workers.

The Amalgamated Clothing Workers of America was organized by a group which broke away from the U.G.W. at the Nashville convention in 1914. The break was prompted by dissatisfaction with the administration's apparent lack of interest in organizing the industry, outside of the cutting rooms and work clothing factories, and indifference to the growing demand for industrial unionism; by complaints that officials of the U.G.W. had been autocratic and corrupt in handling union affairs; and by certain undiplomatic acts of the administration in connection with the convention itself. Failing to obtain recognition at the convention of the A. F. of L. later in the same year, the insurgent faction adopted a constitution and began an independent existence. Delegates from 68 locals were seated at the first convention, in December, 1914.

In July, 1915, the new union had a membership of 38,000. Most of this membership was in the East, while Chicago,¹ Rochester and Philadelphia were the most important of the largely unorganized centers. A great organizing campaign was inaugurated in the fall of that year and for a number of years the membership grew rapidly; the Amalgamated surpassed the U.G.W. in size as early as 1916. The early gains came in New York City and several smaller centers, such as Boston, Montreal and Toronto. Bloody battles were fought in the partially successful attempt to organize Baltimore, where the Amalgamated was opposed not only by the employers, but also by the Baltimore Federation of Labor and the I.W.W. Rochester and Chicago were almost completely organized during 1918 and 1919, and in the latter year the membership totalled 144,000.

Few gains in organization were made during the 'twenties, while the losses were considerable. By 1932 the membership of the union was only 92,000.² The union still maintained contractual relations, however, with a large part of the industry.

¹The workers employed by Hart, Schaffner and Marx had, however, been thoroughly organized.

²The 1929 membership, according to U. S. Department of Labor, Bureau of Labor Statistics, "Handbook of American Trade Unions," Bulletin 506, was 125,000.

The most substantial of the gains came in 1929 when, following a masterly campaign, the whole Philadelphia market was organized and approximately 10,000 workers were brought into the union.

Losses of membership were of three types. In the first place, the decline of the industry and the displacement of workers tended to reduce the membership of the union. In the second place, the union suffered from the movement of the industry away from the great centers into unorganized cities and the country towns. This movement has been shown to have affected most of the important markets and has resulted in part from the express desire of some employers to escape unionism. Third, there were the more discouraging losses due to the union's failure to hold the ground already gained. In some cases the union was simply unable to organize the new firms springing up where unionized firms went out of business. In other cases the union was forced out and the open-shop established by firms which had once signed union agreements. Losses of this type were usually possible only where the Amalgamated had been weakened by internal dissension, as in New York City, or where the condition of the industry had put it at a great disadvantage.

After sinking to abysmal physical and spiritual depths in 1932, the Amalgamated took a new lease on life with the inauguration of the N.R.A. the following year. Through the provisions discussed in Chapter IV, the N.R.A. itself greatly assisted the union, which soon strengthened its position in all the leading markets and made substantial progress in organizing the outside centers. Moreover, the Amalgamated absorbed an appreciable number of members from the Journeymen Tailors' Union, succeeded in settling its jurisdictional disputes with the United Garment Workers and, in October, 1933, was admitted to membership in the American Federation of Labor. Its membership at that time was estimated at 110,000, but two years later the union claimed that its membership, including a number of tailors, shirt workers and work clothing makers, totalled 150,000. The union now maintains collective agreements with approximately 80 per cent of the men's clothing industry.

Structure.--The framework of organization set up by the secessionists in 1914 did not, to be sure, establish an ideal for industrial unions; the new union inherited entirely too much from the old for that. The structure has been used by the clothing

workers, however, in such a way as to make possible the carrying out of an industrial program and the building up of a feeling of unity among the workers. Supreme authority in the union lies with the international organization. The constitution can be changed only by a referendum vote, after a proposal by the convention, six local unions in different states, or the general executive board. The policies of the union are declared and the program is suggested by the convention,¹ held biennially in May. Between conventions the international union is represented by the general executive board, composed of 15 members, including the president, the secretary-treasurer, and thirteen other members.

Directing the activities in each market in which there are two or more locals is the joint board. This body is chartered by the general executive board and represents all the workers in the market, whatever their crafts. It is the truly important body in the market. It carries on dealings with and acts for the general executive board, declares market policies, negotiates with employers, calls strikes, and has charge of organizing, education and propaganda.

The local unions typically are not important divisions in the Amalgamated but help to provide the social and educational life of the members and serve as convenient units for discussion, voting and similar activities. No plan has been followed consistently in determining the jurisdiction of the individual locals, which are in most cases organized along shop or craft lines. Thus the cutters typically have their own separate locals,² as do also the spongers and examiners. All the coat shop workers are often in one local, regardless of their operations, and the pants workers and vest workers are similarly grouped together. In large centers where such locals would be unwieldy, or where for other reasons smaller groups are thought desirable, the workers are divided along lines of language, sex or operation performed. An extra-legal subdivision of the union which is smaller than the local but of considerably greater significance is the workplace organization which is of great importance in collective bargaining. Other extra-legal

¹The constitution provides that "Representation shall be on the following basis: One (1) delegate for each local union of one hundred (100) members or less, and one (1) additional delegate for every additional five hundred (500) members or majority fraction thereof. Each joint board shall be entitled to one (1) delegate."

²The cutters, in fact, have a good deal of craft consciousness and act independently in numerous matters.

organizations are brought into existence when the need arises. An example is the Amalgamated Centre of Chicago, organized to carry on a social and educational program in that market.

Attitudes.--The early philosophy of the Amalgamated was unusually idealistic. The old preamble to its constitution fairly bristled with class consciousness. The statements of the leaders were filled with references to the coming of workers' control, and moral and financial support were given to a great variety of revolutionary movements. In 1920 the union was named as an outstanding exponent of "the new unionism" - a unionism consciously tending toward a new social order.¹

The philosophy of the union, even in its early days by no means consisted of pure idealism, however, and toward the end of the union's first decade of independent existence its immediate and material goals began to occupy so prominent a position as almost completely to obscure the idealistic aims of the early days. To an increasing extent the officers and members came to talk of present needs, while the ultimate economic emancipation of the workers received scant attention.

There have been several causes for this change in attitude. Frequently mentioned is the fact that the Amalgamated has accumulated considerable property, has established important capitalistic enterprises such as the labor banks, and has won the admiration and praise of a wide following. An additional factor has been the flow of new blood into the organization. The left-right warfare, too, has brought about a conservative reaction among the officers and in the main body of the union. And it may be that continued rebuffs have killed the hope of some of the members and discouraged their striving for the emancipation of the working class; for, as one writer has observed, "the Jewish radical, once he gets tired, gets awfully tired."

An important factor which is often overlooked, however, has been the change in economic conditions. It is significant that the year 1923, which marked the turning point in the industry, roughly dated the change in the attitude of the Amalgamated.

Faintly reminiscent of the early idealistic activities of the union has been its strong support of the C.I.O., leading to its suspension from the A. F. of L. in 1936. The activities of the

¹ J. M. Budish and George Soule, The New Unionism in the Clothing Industry (New York: Harcourt, Brace and Howe, 1920).

Amalgamated in the C.I.O. have probably done more than anything in a decade, with the single exception of the N.R.A., to strengthen the union's morale and unify its action.

Activities.--It is probable that the activities of few American unions have been so familiar to the public as those of the Amalgamated. Partly due to the excellent work of the union's publicity department, but to a far greater degree due to bold originality, scope and the skill of execution, the Amalgamated's enterprises have been described in innumerable books and articles and discussed not only in labor meetings but also in class rooms, before the boards of great corporations and on the floors of Congress.

The activities of the union have reflected its changing philosophy. While, to be sure, great emphasis has been laid on activities making for immediate improvements in the conditions of work during the first decade, considerable energy has also been devoted to a program designed to make way for a new social order. Activities of this type have consisted chiefly of worker's education, propaganda, cooperation with the general labor movement and politics.

Aside from organizing, striking and collective bargaining, which have been stressed from the beginning, the chief activities leading toward immediate ends came during or after 1922. Thus, the union began its employment exchanges and labor banking in 1922, unemployment insurance and credit unions in 1923, cooperative housing, the dismissal wage and investment trusts in 1926, the Milwaukee factory in 1928, and unemployment relief in 1932.

The activities of the union have typically been tried first in Chicago, and they have been carried on with a skill and effectiveness rarely surpassed in the history of the American labor movement. The union has lost scarcely a strike against a firm which it considered sufficiently important to warrant the use of its heavy artillery. The collective bargaining machinery has operated smoothly in many markets, year after year, settling matters of the greatest import with little or no disruption of production or employment. The union's contributions in the field of management have won the admiration even of employers, and its housing enterprises and financial institutions have survived the depression in moderately good shape. A discussion of the Amalgamated's most ambitious program - its attack on unemployment - is presented in a later section.

Appraisal.--That the union of the clothing workers has had, on the whole, a healthful influence, is scarcely open to question. The employers as a group have probably benefited. Costly strikes have been eliminated for those signing union agreements. If an employer's wage rates have risen, so have the rates paid by most of his competitors, while the productivity of his workers has increased tremendously. If the union has taken away part of the employer's authority it has probably exercised it more effectively than he could. Supervision costs have been reduced, discipline has been improved and production proceeds more smoothly than ever before.

While not all of them realize it, it is even more certain that the workers have profited by the activities of the union. It would, of course, be absurd to give the Amalgamated the entire credit for the increase in real earnings which have taken place since 1914, but it would be unjust to deny the union credit for part of the gain. To a much greater extent the union has been responsible for the decrease in hours by more than 15 per week during this period. Not only the union members, but also the non-union workers in the industry have profited by these changes.

In addition to the improvements in wages and hours, the members of the union have been given a far greater sense of importance and dignity than ever before. The numerous difficult enterprises on which the union has successfully embarked have, indeed, done little to increase the effectiveness of the earnings of the typical worker, but they have broadened his interests and increased tremendously the prestige of his organization. While little has yet been accomplished toward the stabilizing of employment, the union has protected its members against arbitrary discharge and discipline. The members have thus been given a security of which few clothing workers dreamed before the war.

The activities of the Amalgamated have benefited the rest of the labor movement both directly and indirectly. Its leadership has helped the workers of other industries in the movement for higher wages and shorter hours. It has borne the expense and taken the risks of experiments which other unions will later copy. And it is possible that the Amalgamated may be leading the way to greater cooperation within the labor movement; for if the Amalgamated has seemed to be tending toward materialism, it must nevertheless have appeared to most other American unions as a shining

example of unselfish idealism.

How the rise of the union has affected the consumer is not certain. He is assured, however, of clothing produced under sanitary conditions, and it is doubtful whether the higher wages paid the clothing workers have greatly increased the cost of his suits. In his role as a citizen, moreover, he can be grateful to the union for its reduction of industrial strife, its promotion of public health, its reduction of the demand for charity and its Americanization of many thousands of immigrant workers.

5. The Amalgamated's Attack on Unemployment

Unemployment has appeared to the Amalgamated as a dangerous enemy against which the union has been required to wage a persistent and energetic warfare. In its attempts to reduce the amount of unemployment and to assist its members to withstand that which it fails to eliminate, the union has called upon its most able leaders and has attacked along many fronts simultaneously. In the present section it is intended to describe and evaluate the methods by which unemployment has been combatted, and to suggest several changes in and possible additions to the union's program.

The reduction of unemployment.--A large part of the program designed to reduce the amount of unemployment has consisted of attempts to prevent the flooding of the industry by superfluous workers. The membership policy of the union, for instance, has reflected the attitude toward over-crowding: for the union has objected to enrolling new members when many of its old members have been unable to find work. The desire to prevent outsiders from being drawn into the industry has also been an important motive in the union's work in the field of management. Attempts of firms to move from one center to another during periods of unemployment have been vigorously opposed.

The most ambitious step which the Amalgamated has taken to reduce the number of superfluous workers in the industry has been the setting up of a number of employment exchanges through which workers may be directed to jobs without loss of time. Exchanges are now operating in Chicago, Rochester and Philadelphia, and it is planned eventually to extend the system to other centers.

The employment exchange assures that no new worker will be called into the market to perform an operation for which some unemployed operative is already fitted. In an industry with as high a turnover of firms and as immobile a labor force as have

characterized the men's clothing industry, this is no mean achievement. While to prevent superfluous workers from being drawn into the industry has not been enough during the trying years of the depression, there is ample reason for believing that in more normal times the exchange will be an important factor in reducing the amount of unemployment.

The palliation of unemployment.--A major part of the Amalgamated's attack has been directed toward alleviating the distress resulting from unemployment rather than toward reducing the amount of unemployment itself. An important early step in this direction was taken when the Amalgamated adopted a permanent policy calling for the equal division of work in slack times. The union has also favored short hours as a means of work-sharing, has made thousands of small loans to needy members, and has paid out numerous sick benefits and unemployment relief benefits, in addition to millions of dollars in strike benefits.

To enable its members to face complete displacement with a minimum of distress, the Amalgamated has proposed the dismissal wage. The union has typically urged the payment of this wage by the firm from which workers are to be displaced,¹ but in a number of cases it has been necessary for the workers remaining at their jobs to pay part or all of the wage.

The actual payment of a dismissal wage has as yet been made to but a small proportion of the workers forced out of the industry, and most of the workers receiving such a wage have been cutters. Among the groups receiving it have been 236 cutters and trimmers who received \$500 apiece on leaving Hart, Schaffner and Marx in 1926;² 25 workers leaving J. Eisner Company of New York in 1927 after receiving \$121 apiece; 80 workers eliminated from Bashewitz Brothers of New York in 1927 and paid small amounts; a small number of workers leaving the shops of Ed. V. Price, of Chicago, in 1928, after receiving \$300 apiece; and 20 workers leaving the Arthur Nash Company, of Cincinnati, in 1928, after receiving

¹When the principle of equal division of work is carried very far a very large number of workers may be called upon to do a small amount of work. This sometimes crowds the work rooms unnecessarily and leads to some confusion, so that some firms are willing to pay a dismissal wage to reduce the number of workers. The inducement is particularly strong if they see the possibility of getting rid of "trouble makers."

²Another group of workers recently received a dismissal wage on leaving this firm.

\$300 apiece. It is to be expected that in the future the Amalgamated will make earnest efforts to secure funds for a dismissal wage from all firms desiring permission to introduce displacing machinery or more effective methods.

In so far as the dismissal wage has induced workers to leave the industry, there is little doubt that the device has benefited the remaining workers and the employers. How successful it has been in assisting displaced workers to find new jobs, however, cannot yet be said. The writer's study of the experience of the Hart, Schaffner and Marx cutters indicates that these men were little if any more successful in finding new occupations than were a number of other Chicago cutters displaced about the same time without any dismissal wage.¹

Unemployment insurance.--Its unemployment insurance program has constituted the Amalgamated's most pretentious attempt to assist its members in withstanding unemployment. The systems which have been set up, to be sure, have been conducted jointly by the union and the employers, but in each case the union has been both the moving force and the guiding spirit. The movement for insurance was started as early as 1920, when delegates to the Boston convention pointed out the need for a system and stated the principles under which it should be administered.

The first agreement calling for unemployment insurance was signed in Chicago in the relatively prosperous year 1923. This agreement was to last for only two years, but has since been renewed several times. The collection of contributions began May 1, 1923, and the payment of benefits began a year later. When first established, the system covered about 30,000 members. The Rochester and New York City systems were not established until five years after the Chicago system, contributions beginning in those cities July 1, 1928, and September 1st, 1928, respectively. In the early part of 1931 the three systems together included 43,000 workers and had paid out in benefits approximately \$7,000,000.² By October, 1936, the Chicago system alone had paid benefits amounting to over \$8,000,000; this system has been intended as a model for the other two, and will be described in some detail in the following pages.

¹R. J. Myers, "Occupational Readjustment of Displaced Skilled Workmen," Journal of Political Economy, XXXVII August, 1929.

²United States Bureau of Labor Statistics, "Unemployment Benefit Plans in the United States and Unemployment Insurance in Foreign Countries," Bulletin 544, pp. 70, 73 and 76.

The most important provisions of the Chicago system as it was first established were the following:

1. Both workers and employers originally paid 1.5 per cent of the total wages bill.
2. The fund was to be administered by a board of trustees, composed of an impartial chairman and three or fewer representatives of each of the two parties to the agreement. All costs of administration were to be paid by the fund itself.
3. The contributions made by the workers and employers of each firm were to be separate from those made by workers and employers of other firms, and payments were not to be drawn from the fund of one firm to pay benefits to the employees of another.¹
4. To encourage the reduction of unemployment, it was provided that the accumulation of a fund sufficient to pay the maximum benefits (as provided below) to all employees of the firm for a period of two years should entitle both parties to suspend contributions. Payments were to be started again when the depletion of the fund had left only enough to pay one year's maximum benefits to all employees.
5. Benefits were to be paid only to regularly contributing union members in good standing, involuntarily unemployed and registered at the employment exchange.² No benefits were to be paid to workers for time lost by participating in strikes or stoppages.
6. The benefits paid to any employee during his period of unemployment were not to exceed 40 per cent of his average full-time weekly wages and in no case were they to exceed \$20 a week or to be paid for more than five full-time weeks a year (2.5 weeks a season) or one full-time week for every ten full-time weeks a year of contributing. Even these benefits were to be paid only so long as there was money already accumulated for distribution, for the funds were not to be allowed to run into debt.

Other limitations on benefits not provided for in the original agreement, but worked out very soon afterward by an advisory committee, included the following: (a) A waiting period of two weeks of unemployment each year, or, rather, one each season, was to be borne by the worker before time lost could count toward unemployment insurance. (b) Time on temporary lay-off in excess of the waiting period was to count as unemployment, but only after allowing for an additional waiting period of four hours in every week for which a benefit was claimed. (c) Each hour of overtime was to offset one hour of unemployment. (d) The benefit paid for unemployment in any week should in no case be great enough to bring the total of benefit and earnings for that week to more than \$50. (e) The contributions of workers employed temporarily in shops other than their regular work places were to be transferred to the funds of the shops in which they were regularly employed. (f) Workers moving from one firm to another were to forfeit all claim to the

¹An exception was made in the case of contract shops. Only one fund was provided to receive the contributions from all contract shops and to pay benefits to all the employees of such shops.

²Registration was required only of those who were wholly unemployed.

fund of the firm they were leaving, but were to share equally with the other workers in the fund of the new firm.

7. Both the manufacturers and the union agreed to provide the trustees with records necessary for the proper administration of the funds. The administrators of the funds were also to compile records of their own.

Although the benefits originally provided for - limited to an absolute maximum of \$100 a year - fell far short of adequate compensation for the great body of workers in the industry, it was soon discovered that they could not be continued without totally exhausting the various funds. The action taken to prevent such a disastrous occurrence called for even greater limitations on the payment of benefits and an increase in the amount of the contributions.

The limitations on benefits were of several types. One change reduced the basis for calculating benefits from 40 per cent of full-time wages to 30 per cent. Another reduced the maximum weekly benefit from \$20 to \$15. Still another amendment, in force for only one season, reduced the maximum benefit period to two weeks a season; this automatically lowered the maximum benefit per year to \$60. The additional waiting period for workers on temporary lay-off was increased from four to eight hours a week; although it was later abolished as a source of injustice to some workers.

The increase in the amount of contributions came in the spring of 1928, when the employers were induced to double their payments. This change brought the total contributions to 4.5 per cent of the payroll, with the employers paying twice as much as the workers. The increase in contributions made further limitations on benefits unnecessary and allowed an increase in the maximum benefit period to 3.75 weeks a season. In practice, however, benefits have been paid for only three weeks a season, or less. It is apparent that the maximum rate during three weeks each season can provide only \$90 a year.

Contributions to the various Chicago funds down to October 3, 1936 totalled \$9,450,000; total benefits have ranged from almost a million dollars during the first season down to \$79,000 during the season ending May 3, 1933. Since the number of workers receiving benefits has been greatly reduced following the first season, the decrease in the size of benefit checks has been much smaller than the decrease in the amount of total benefits. It will be seen from Table X that the average benefit dropped from

\$34.34 in the first season to \$19.92 three seasons later, but thereafter was typically over \$23.00 until the period of the depression. At the depth of the depression, however, benefits dropped to an average of \$11.31. On October 3, 1936, the funds held approximately \$500,000 available for benefits, or sufficient to pay two season's benefits at the present rates.

TABLE X
CONTRIBUTIONS RECEIVED AND BENEFITS PAID BY THE CHICAGO
UNEMPLOYMENT INSURANCE SYSTEM, BY SEASONS, 1923 - 1936

Season	Six Months Ending	Approximate Number of Benefits Paid ^a	Total Amount of Benefits Paid	Average Benefit
Total		335,862	\$8,155,338	24.28
1	Nov. 1924	26,426	907,468	34.34
2	May 1925	23,165	621,512	26.83
3	Nov. 1925	16,791	364,868	21.73
4	May 1926	16,197	322,585	19.92
5	Nov. 1926	16,270	372,537	22.90
6	May 1927	15,747	358,491	22.77
7	Nov. 1927	15,383	352,022	22.88
8	May 1928	15,412	359,561	23.33
9	Nov. 1928	14,998	377,072	25.14
10	May 1929	14,444	369,438	25.58
11	Nov. 1929	13,980	470,144	33.63
12	May 1930	13,803	465,054	33.69
13	Nov. 1930	13,441	377,201	28.06
14	May 1931	12,893	352,315	27.33
15	Nov. 1931	13,122	307,090	23.40
16	May 1932	12,148	255,228	21.01
17	Nov. 1932	12,738 ^a	274,568	21.56
18	May 1933	6,942 ^a	78,518	11.31
19	Nov. 1933	7,521 ^a	115,043	15.30
20	May 1934	10,530 ^a	182,241	17.31
21	Nov. 1934	10,610 ^a	186,827	17.61
22	May 1935	11,225	213,164	18.99
23	Nov. 1935	11,056	234,178	21.18
24	May 1936	11,020	238,213	21.62

^aData on number of benefits for first thirteen seasons taken from U. S. Bureau of Labor Statistics, op. cit., p. 70. Later data provided by Chicago Office of Unemployment Insurance Fund. Figures for 17th to 22nd seasons, inclusive, represent checks paid and very slightly exceed the number of benefits paid. Figures for all seasons may include a few benefits which were issued but later withdrawn.

From many points of view, the operation of the system has been successful. The Amalgamated, itself, has probably gained most from the system; for unemployment insurance had added very greatly to the union's dignity and prestige. Moreover, since the

fund restricts the payment of benefits to union members in good standing, the organization has been practically freed from worry over the collection of dues. While the system has probably given employers a more conservative union to deal with, a better satisfied working force, and a slight amount of favorable publicity, it is doubtful whether the gains of employers have been very great. The admirable statistical material which the insurance system has accumulated has as yet been little used by employers.

The administration of the fund has been prudent and economical. There have been no grave injustices in the distribution of benefits; there has not been even the least suspicion of graft; and the system has certainly not encouraged idleness or tended to demoralize the working force. Administrative costs have been held to a remarkably low level, averaging only about 8 per cent throughout the life of the system.

An examination of the amount and nature of the benefits paid by the system, however, demonstrates that it can have done relatively little toward the accomplishment of its chief purpose - the protection of the worker against the risks of unemployment. In the first place, although the benefits paid to the Chicago worker have probably been more generous than those paid by any other significant American system, they have covered but a slight proportion of the wage losses due to unemployment. For while benefits have averaged only \$24.28 a season, or scarcely \$50.00 a year, it is probable that wage losses due to unemployment since the establishment of the fund, if figured at the regular rates, would have averaged over \$750 a year. It is probably generous to estimate that the benefits paid to Chicago workers have been even one-fifteenth as great as the difference between their actual and full-time earnings. Over 90 per cent of the burden of unemployment has been untouched by the unemployment insurance system.

Moreover, there is no indication that the system has helped the worker at the time when he most needed assistance. Table X shows clearly that the benefits paid have not varied directly with the amount of cyclical unemployment, but have actually decreased, on the average, during the seasons when unemployment has been at its worst. Individual workers losing an exceptional amount of time in any year have been denied special assistance by the strict limitations which the system imposes on the period for which benefits are payable. The system has done little or nothing, then, to

help the worker meet these serious types of unemployment. On the other hand, the seasonal unemployment in the industry has been so great and the waiting period of the system has been so short that each season the total number of compensable hours of unemployment have been accumulated by practically every insured worker, and have entitled him to the maximum benefit payable from the fund to which he has contributed. Since both contributions and benefits have been based on wage rates, the system has roughly approximated a compulsory savings system calling for weekly deposits and involving withdrawals twice a year.

Finally, there is no convincing evidence that the insurance plan has operated to reduce unemployment in the industry. A few small producers have claimed to be reducing their seasonal fluctuations, but none, so far as the writer is aware, has ever produced substantial evidence to establish his claims. The writer's analysis of seasonal fluctuations in nine large firms employing a large majority of the workers has, in fact, indicated that no definite changes in the seasonal fluctuations of those firms have taken place.

A critique of the Amalgamated's program.--The actual accomplishments of the union in reducing the extent of unemployment have not been very great. Most of these, as has been seen, have been effective in keeping down the number of superfluous workers in the industry rather than in smoothing fluctuations in production. The work of the union's employment exchanges, especially, has prevented the drawing of many unnecessary workers into the industry; and although the industry has been badly overcrowded in spite of the exchanges, it is reasonably certain that the overcrowding would have been worse without them. The establishment of exchanges in other markets in the future and the introduction of clearing operations between markets can be expected to make this attack on unemployment even more effective.

An important inducement which might be offered for the regularizing of employment would be a substantial advantage in wage rates. While the union's wage policy has never been a matter for open discussion, it is improbable that differences in the regularity of employment have ever had any clearly understood and significant influence on the wage rates paid by the various firms. On the contrary, the union seems to have aimed toward approximate equality of rates for similar operations in a given market, re-

gardless of the amount of employment provided during the year. Such a policy, while providing equal compensation for each similar task performed, makes for very great inequality in annual earnings. It also operates to the advantage of the poorly managed firm and the consumer of ultra-fashionable clothing.

In assisting its members to experience unemployment with a minimum of suffering, the union's accomplishments have been more substantial. The equal division of work policy, while limited in its applicability, has done very much to prevent the full burden of unemployment from falling upon the shoulders of a few. It is improbable that the policy has operated to the great disadvantage of employers. In applying the equal division of work rule, however, it should never be forgotten that the policy tends to retain in the industry workers who might otherwise shift into other occupations.

That the union's policy toward hours of work actually did much to spread employment among the workers in the industry down to 1933 is questionable. Prior to the depression the great reductions in hours which the Amalgamated brought about came chiefly during times when the spreading of employment was not necessary. As will be pointed out later, however, the reduction in hours accomplished under the N.R.A. undoubtedly resulted in an increase in the number employed and was consequently effective as a relief measure.

As a permanent policy, moreover, the Amalgamated's opposition to overtime¹ in the busy seasons undoubtedly tends to increase the number of workers in the industry and makes for greater seasonal losses than would otherwise be necessary. The number of workers in the industry depends largely on the requirements during the peak seasons. A slight amount of overtime at such times might enable the industry to dispense with the services of a significant proportion of its working force and assure a greater average amount of work per year for those remaining.

The funds which the union has at times accumulated for loans and special benefits to needy members have been quite effec-

¹The attitude of the union toward overtime has always been unfavorable. Wages of time-and-a-half for time-workers and 50 per cent more than their regular rates for piece-workers have typically been charged for overtime work. Overtime has been most strongly resisted, of course, when great numbers of union members have been unemployed.

tive in alleviating distress, since they have typically been distributed among the workers whose need has been greatest. It is to be expected that in the future the union will plan to supplant emergency funds raised by special assessments by more permanent devices which will provide substantial relief to those in need, distribute the burden of such relief more equitably among the union members, and allow provision for periods of distress during years of prosperity.

While the dismissal wage plan has as yet helped, and inadequately, but a small proportion of the workers displaced from the industry, it is probable that this device can be applied on a much wider scale in the future when technological or other changes displace large numbers of workers. It is apparent, however, that the dismissal wage, as at present conceived, cannot be expected entirely to solve the problem of displacement.

The Amalgamated's famous system of unemployment insurance, while of great value from several other points of view, has not been effective in reducing unemployment in the industry and has been rather ineffective in relieving the suffering resulting from unemployment. The Chicago system has been unable to pay benefits at all adequate to cover the actual unemployment in the Chicago market, and has resembled a compulsory savings plan more than an insurance system. The benefits paid out have gone almost entirely to cover seasonal losses, while the system has done little to provide for the serious irregular losses of individuals or the cyclical unemployment felt throughout the entire market.

Since there seems to be little possibility of covering all lost time by insurance, and since there is little need for insuring against seasonal losses, it seems highly desirable that the Chicago system be altered, and that the development of the younger systems be guided, in such a way that benefits may be paid for cyclical and irregular unemployment rather than seasonal.¹

In spite of a number of significant shortcomings, the Amalgamated's program for dealing with unemployment cannot fail to demand a great deal of respect. It has been remarkably free from hair-brained projects serving only to antagonize the employers and dissipate the energies of the union leaders. It has included much

¹For a fuller development of this contention see the writer's "Seasonal Unemployment Insurance," American Economic Review, Vol. XXI, September, 1931.

pioneering work and has thereby benefited the entire American labor movement. Certainly it has considerably reduced the suffering from unemployment in the clothing industry which would have been experienced in the absence of such a program.

The chief weakness of the program has been its failure to take sufficient account of the differences in the types of unemployment; this failure has led the Amalgamated to waste much of its energy in providing for seasonal unemployment and to make insufficient provision for unemployment of more serious types. It seems probable that a better-balanced and more satisfactory program could be established by means of a few changes in the present activities of the union and a few additional measures. A program which it is believed would be thoroughly practicable and which would go very far toward eliminating the fear of unemployment, might be made up somewhat as follows:

1. To reduce the amount of unemployment, the Amalgamated would continue to operate its exchanges, which would be coordinated on a national basis, and would continue to encourage and assist employers to stabilize production. Appreciable advantages in wage rates would be given to employers showing relatively stable employment, while those showing wide variations in employment would be penalized. A moderate amount of overtime during busy seasons might be encouraged in order to reduce the amount of unemployment during slack seasons. Strong inducement, in the form of dismissal wages, discrimination in the division of work, etc., would be provided to persuade superfluous workers to leave the industry.

2. Relatively great seasonal unemployment would be accompanied by relatively high wage rates, and during slack seasons work would be divided equally among workers performing similar operations or on some other consistently followed and clearly understood basis. Otherwise, the workers would not be assisted to withstand seasonal unemployment but would be expected to overcome it unaided.

3. The equal (or other consistently followed) division of work would also assist the workers of the industry to withstand depression periods. Unemployment insurance, however, revised along lines suggested in the above paragraphs, would be depended upon to pay large benefits during such periods and would constitute the chief safeguard against cyclical unemployment.

4. Irregular unemployment (other than displacement) would

also be cared for by insurance benefits, and by special benefits during strikes, periods of sickness, etc.

5. Unemployment resulting from overcrowding would not be covered by unemployment insurance but, insofar as it increased the amount of unemployment for regular workers, would be borne the same as seasonal unemployment. Superfluous workers would be eliminated as rapidly as would be possible without causing great suffering, however, and would be paid a dismissal wage, at least where employers could be induced to pay such a wage. It appears unlikely that the union alone would be able to care entirely for its displaced members if their numbers were significant.

CHAPTER IV

THE CODE OF FAIR COMPETITION AND AFTER

1. Adoption of the Code

A study of the men's clothing code is significant because of the seriousness of the problems besetting the industry in 1933 when the N.R.A. came into existence, and because of the exceptionally favorable conditions under which the code was able to operate. The industry was suffering both from the depression and from a long-run decline, due to changing demand. Technological changes had displaced thousands of workers. The competition of non-union areas paying very low wages was speeding the exodus of the industry from the great cities, increasing the already great unemployment in those centers and undermining labor standards generally. The Amalgamated had lost much of its membership and its morale. Most firms were losing money rapidly and saw little prospect of profits in the future. The concentration of the industry, however, the production of a rather homogeneous product, the possibility of employing the N.R.A. label, the existence of a potentially strong union and the availability of intelligent leadership were circumstances which were highly favorable to the successful operation of a code.

Accomplishing what a century of tribulation had failed to accomplish in the men's clothing industry, the National Industrial Recovery Act quickly brought the leading producers together to form a national trade organization. These producers did not, however, succeed in forming a single, nation-wide association, for important differences arose and not one but two trade associations sprang into existence, two competing codes were presented, and the lines were drawn for a division in the industry which may not be obliterated for many years.

The Clothing Manufacturers' Association of the United States of America, organized on May 22nd, 1933, was composed chiefly of manufacturers operating under labor agreements with the Amalgamated Clothing Workers. A majority of them were located in the four northern centers, New York City, Chicago, Rochester and Philadelphia, and the Association was dominated by a number of large

firms manufacturing medium or high-grade clothing. In all, Association members employed about two-thirds of the workers in the industry.

The Industrial Recovery Association of Clothing Manufacturers was organized by a group of open-shop manufacturers, as a rival to the Clothing Manufacturers' Association. Ruffled by their failure to receive invitations to the organization meeting of the major group, and with definite ideas of their own as to the purposes and responsibilities of a trade association, anyway, these producers ignored a belated invitation to membership in the Clothing Manufacturers' Association and announced an organization meeting of their own. This was held in Washington on June 3, when the Industrial Recovery Association was created. Thus two national trade organizations came into existence within a period of 11 days. The second group employed 15 to 20 per cent of the workers in the industry.

It soon became apparent that the only major, and apparently irreconcilable, difference between the two groups lay in their attitudes toward labor and the Amalgamated. This difference was emphasized in the two code proposals, which otherwise were remarkably similar, and served as a basis for much heated argument. In the end, the two associations failed to arrive at a reconciliation, and the Deputy Administrator (N.R.A.) before whom formal hearings were held recognized the Clothing Manufacturers' Association as the chief representative of the industry. He instructed that body to prepare a revised code, taking into account certain features of the Industrial Recovery Association's code and other suggestions, and to provide for an administrative board on which the Industrial Recovery Association would be represented. The code was approved by the President on August 26 and the effective date was set as September 11.

2. Analysis of the Code

Major provisions.--The provisions of the code which was adopted may be briefly summarized as follows:

Section I defined the industry in broad terms, which, although indefinite in some respects, clearly included special-order clothing, children's clothing, uniforms, and men's summer clothing (exclusive of cotton wash suits). Section II provided minima of 40 cents per hour for employees in the northern territory and 37 cents in the southern territory (defined to include 10 southern states).¹ It also set

¹Separate minimum weekly wages of \$14 in the North and \$13

up industry-wide minima of one dollar and 75 cents, respectively, for cutters and off-pressers, included provisions to protect the differentials of other skilled workers receiving less than \$30 weekly, prohibited increases in work requirements to offset increased wage rates or reduced hours, and provided that the minimum rates should be guaranteed for piece work as well as time work.

Section III prohibited home work after a three-month waiting period.

Section IV established a maximum 36-hour work week for manufacturing employees,¹ with a maximum eight-hour day, although certain allowances were made for overtime in peak seasons in the special-order branch. It limited the operation of productive machinery to one shift of not more than 36 hours. Reductions in maximum hours of work were to be made without reductions in earnings.

Section V required the use of N.R.A. labels on all garments manufactured or distributed by the industry.

Section VI prohibited the employment of children under 16.

Section VII required the maintenance of safe and healthful working conditions.

Section VIII provided for the collection of certain employment and production reports.

Section IX authorized the administrative agency to aid in making equitable adjustments in respect to the cost of executing contracts entered into before the adoption of the code.

Sections X and XI declared it to be unfair competition for any manufacturer or contractor to sell below cost, except for seasonal clearances, "closeouts," etc.

Section XII banned as pernicious practices consignment selling and cut-trim-make manufacture.

Section XIII established the Men's Clothing Code Authority as the agency to administer the code. (The composition and powers of this body will be discussed below.)

Section XIV set forth the mandatory provisions of Section VII (a) of the National Industrial Recovery Act.

Section XV reserved to the President the right to amend, cancel, or modify any provisions of the code.

Section XVI made special provision for administrative autonomy under the Men's Clothing Code Authority for manufacturers of uniforms.

Section XVII provided for changes, wherever necessary, in the non-mandatory sections of the code.

Significance of labor aspects.--The aspect of the code which stands out most prominently to a reader who is familiar with the industry is the overwhelming emphasis on labor provisions. Indeed, it is scarcely an overstatement to say that the non-labor provisions could have been omitted altogether without any material change in the significance of the code.

The labor provisions of the code were unusually favorable

in the South were established for non-manufacturing employees, such as clerks.

¹A maximum average work week of 40-hours was established for non-manufacturing employees.

to the worker. Men's clothing was one of very few industries to limit work to less than 40 hours per week, and the figure set was a specific maximum rather than an elastic weekly average. The minimum hourly rates established implied immediate large increases in earnings in many sub-standard firms, while the reduction in hours without corresponding pay reductions resulted in appreciable gains in rates throughout the industry. And to assure that the interest of labor would not be overlooked in the interpretation and enforcement of the code it was provided that five labor representatives should be appointed by the Labor Advisory Board as full members of the Code Authority. The labor provisions were much more liberal than those in either of the original code proposals and testified eloquently as to the work of the Amalgamated.

The labor provisions of the code were also of great advantage to the Clothing Manufacturers' Association, which was victorious in all its major disagreements with the rival group. The increases in labor cost resulting from the code were certain to affect the non-union firms more severely than the union, since the latter had been working all along under labor agreements in many respects similar to the code. The producers in the major centers would therefore be able to compete with the producers in the "country towns" on a fairly even basis.

The regulation of trade practices.--The approved code omitted a large number of trade practice regulations which had appeared in the proposed code of the Industrial Recovery Association and modified somewhat the regulations which the Clothing Manufacturers' Association had proposed. Most important of those retained was the pronouncement against sales below cost. This regulation, not specifically prohibited in the final code but declared to be "unfair competition," was intended to end the demoralizing influence of unscrupulous, desperate, or uninformed manufacturers whose suicidal sales had been battering down price levels to an extent which threatened sound and efficient producers. In denouncing an evil, this section of the code promised to have a healthy influence throughout the industry. It was extremely unlikely to reduce competition seriously, or have other harmful results. There was little likelihood, in fact, that the section could be applied very strictly, since sales below cost were permitted in the code under several special circumstances, and since the original provision for uniform cost accounting throughout the industry had been

deemed too costly and confusing and had been stricken out in the final code.

The prohibition of consignment selling was intended partly to protect the manufacturers against demands by retailers for a special and dangerous service, but chiefly to equalize the claims of all creditors on the assets of bankrupt merchants.

The prohibition of cut-trim-make manufacture was actually intended almost exclusively to prevent the large mail order houses from having their cheap clothing made up in fly-by-night concerns which, with purchase of their output guaranteed, could not be forced to maintain the required labor standards.

The limitation on the hours of operation of productive machinery is not to be regarded as a device for limiting the volume of production, but was designed to reduce the amount which could be produced in the peak weeks of the busy seasons, and thereby to encourage a more even distribution of orders. Being a movement toward stabilization, this may be regarded both as a labor and a trade practice regulation.

Other significant features.--The Men's Clothing Code Authority, established by the code, had a possible membership of 23 members, including representatives of the two associations, non-association manufacturers, labor, and the N.R.A. Since members of the Industrial Recovery Association declined to accept membership in the Code Authority, only 21 members actually served. The Code Authority had immediate responsibility for the administration and enforcement of the provisions of the code and rules and regulations issued pursuant thereto. Its most powerful enforcement device lay in its control of the N.R.A. label.

Other important features of the code were the provision for the label itself, the broad definition of the industry, and the requiring of statistics and reports.

3. The Code in Operation

The quickly organized staff of the Code Authority undertook as its first task the compilation of a complete register of members of the industry. This list, augmented by additions during the following winter and spring, included 1,356 regular clothing manufacturers, 373 uniform manufacturers and merchant tailors, and a total of 1,953 contracting shops. A vigorous and successful campaign was waged to induce these concerns to adopt the N.R.A. label and to secure certificates of compliance from them. The

staff requirements for administrative, clerical and field work increased rapidly until a total of approximately 140 persons were employed. The code which had been adopted proved to require but minor modifications to carry out its intended purposes. Four amendments were eventually approved, but these provided for no fundamental changes and will not be discussed in the present brief study.

The value of the label as a means of enforcing regulations and obtaining revenue has already been commented on. This device also promised to serve as a source of important statistics. To the fact that its products could be thus readily distinguished by the retailer and the consumer the men's clothing code owes much of the success which it achieved. After the first few weeks of the code's existence the label was actually used on substantially more than 90 per cent of all garments produced. Each separate garment produced required a label, which could be secured only from the Code Authority at a cost of half a cent. During the period of its existence the Code Authority distributed 139,435,174 labels, the receipts from which were sufficient entirely to finance its work.

With certain exceptions, the code itself had forbidden the sale of clothing at a price below the cost of production: but it had not required the installation of uniform cost accounting or indicated how cost was to be determined. A rule-of-thumb formula approved by the Code Authority in November, 1933, however, required that a minimum allowance (amounting for firms with inside shops to approximately 20 per cent of total cost) be made to cover various overhead items.

As applied to opening prices, the rough and ready formula worked out seems to have been reasonable. It did not tend to raise prices. It is the testimony of many firms, even after the termination of the code, that the allowance for overhead was certainly not too high and probably was too low to be very effective. Complaints were received only from very small firms, usually managed by a family group and computing their overhead costs incorrectly.

In spite of occasional violations, the men's clothing code received much more general acceptance than most codes and was fairly well observed. Many of the violations reported, especially in the early days of the code, were due to ignorance of the provisions of the code and were simple to adjust, involving wages below the

minimum, excess hours, failure to use the N.R.A. label, etc.

As time went on, however, the proportion of innocent violations fell off and more complex matters were presented for adjustment. Violations of the labor provisions continued to constitute a substantial proportion of the whole. It has been indicated that substantially more than 90 per cent of all garments produced under the code bore the label. The minimum wage and maximum hour provisions were also generally observed. However, there were many violations, especially by the non-union firms, of Section II (b) of the code, applying to wages above the minimum, and of the trade practice provisions.

Material assistance was received from the union, which reported violations and at times called strikes to enforce code regulations. In only a few cases, however, was it necessary to certify cases to the National Compliance Board for enforcement. One of these, the most notorious case arising under the men's clothing code, was that of L. Greif and Brothers, Incorporated, a large, non-union eastern firm with membership in the Industrial Recovery Association. This firm had revised its system of wage payments and installed a confusing type of incentive wage plan; and had not maintained the differentials between the wages of its skilled and its lowest paid workers as required in Section II (b) of the code. In the end the firm was required to restore, and did restore, to its employees \$25,000 which had been withheld from their wages. The decision was of great importance in blocking similar claims for exemption from the provision of Section II (b) by other non-union firms.

Brief mention should be made of certain jurisdictional problems which arose before and during the existence of the code. The most serious of these were with the code of the cotton garment industry, which included overalls and work clothing, "men's and boy's pants in chief content of cotton," and men's wash suits. It should be pointed out that there would have been no quarrel as to the code under which any manufacturer was operating except for differences in wage rates which affected competition. The amendment approved December 18, 1933, excluded certain products from the men's clothing industry and acknowledged them to come under the cotton garment code, while lowering the minimum wage rates in the production of some competing products to match those prevailing under the cotton garment code. The proper classification of

pants made partly of wool and partly of cotton was never entirely clarified and was still the cause of some concern when the code's life was terminated. Minor controversies involved certain New York contractors making both men's and women's clothing, infants' wear manufacturers producing boys' clothing, textile finishers, merchant tailors, canvas front makers, and shoulder pad makers.

The statistical activities of the Code Authority, while limited by restriction on the size of the staff and the "statistical illiteracy" of the industry, constituted a new and encouraging development and produced information of great value. Among the accomplishments of the statistical unit were: the taking of a census of the industry, which was subsequently kept up-to-date; the collection and analysis of current payroll data showing the number employed, wage rates, hours worked and wages paid; the recording of the number of garment units cut each week; and the weekly reporting of labels sold. Further statistical activities, including forecasts of future production trends, based on label sales, were planned.

4. Developments in the Industry Following the Adoption of the Code

While some of the developments which followed the adoption of the code may be traced directly to the operation of the code itself, others were influenced by a great number of factors, making it impossible to identify the code's net effect.

Hours of labor.--The maximum hour provisions were put into effect promptly and generally observed throughout the life of the code. The 36-hour maximum full-time week meant a reduction of 19 per cent for the country as a whole from the 1932 average full-time week of 44.4 hours. Since the peak seasons during the code period brought only moderate increases in activity, the 36-hour maximum did not prove generally to be a severe handicap.

The average actual hours of employment had, of course, been below the new maximum all along, and it is probable that actual hours were decreased somewhat less than full-time hours. Unfortunately no dependable data are available to indicate what the average hours of employment were shortly before the adoption of the code. Excellent material collected by the Code Authority itself for the last six months of 1934, indicates that the average weekly employment throughout the industry at that time was 25.7 hours.¹

¹National Recovery Administration, Division of Review,

Wages.--The influence of the code on wage rates was direct, immediate, and substantial. Two requirements of the code were responsible for this: the first being the minimum hourly wage requirements, coupled with the provision that the differentials of certain skilled rates over the lowest should be maintained; and the second being the provision that the maximum work week of 36 hours should be established without a reduction in earnings.

The first of these requirements affected chiefly the non-union manufacturers, many of whom were in the smaller centers. The union manufacturers were already, with minor exceptions, paying more than the minimum rates, and were scarcely affected by the first type of wage requirement mentioned above. They were required to make substantial rate increases, however, to compensate for reductions in hours. In Chicago, for example, the reductions of maximum hours from 44 to 36 was accompanied by a general increase in rates amounting to approximately 20 per cent. Similar increases occurred in the other organized markets and affected a large proportion of the workers of the industry.

By the fall of 1934, when the code had been in effect a little over a year, the average hourly rate paid in all occupations in the industry was 66.2 cents,¹ or 31 per cent greater than the 1932 average of 50.6 cents reported for the industry by the U. S. Bureau of Labor Statistics.² The average rate was still slightly below the 1930 average of 70.1 cents.

Comparable figures for 12 individual cities are given in Table XI. These figures indicate that the wage increases were favorable to the four largest markets, but particularly to Chicago, Rochester, and New York City. The rate increases in the outside markets had been substantially greater than in the four leading markets, although the four still paid relatively high rates, with Chicago at the top. Wage rates in certain markets still varied widely from firm to firm. There is no question that on the whole the lowest paid workers fared best.

Payroll figures submitted to the Men's Clothing Code Authority and tabulated by the U. S. Bureau of Labor Statistics indicate that during the six-month period July to December, inclu-

"The Men's Clothing Industry," Evidence Study No. 24 (Washington: 1935, mimeographed, preliminary), p. 10.

¹National Recovery Administration, op. cit., p. 10.

²Op. cit., p. 2.

TABLE XI
AVERAGE HOURLY RATES PAID TO MEN'S CLOTHING WORKERS IN
SPECIFIED CITIES, 1932 AND 1934

City	1932		1934		Percentage Increase of 1934 Rate Over 1932
	Average Hourly Rate	Per Cent of Chi-cago Rate	Average Hourly Rate	Per Cent of Chi-cago Rate	
Total U.S.	\$.506	78.0	\$.662	84.9	31
Baltimore	.295	45.5	.562	72.1	91
Boston	.480	74.0	.713	91.4	49
Buffalo	.378	58.2	.628	80.5	66
Chicago	.649	100.0	.780	100.0	20
Cincinnati	.486	74.9	.653	83.7	34
Cleveland	.410	63.2	.705	90.4	72
Milwaukee	.406	62.6	.664	85.1	64
Newark	.488	75.2	.708	90.8	45
New York	.583	89.8	.752	96.4	29
Philadelphia	.490	75.5	.706	90.5	44
Rochester	.546	84.1	.670	85.9	23
St. Louis	.349	53.8	.621	79.6	78

Sources: 1932 figures from U. S. Bureau of Labor Statistics, "Wages and Hours of Labor in the Men's Clothing Industry," Bulletin 594, p. 7; 1934 figures from National Recovery Administration, op. cit., p. 10.

sive, 1934, the average weekly earning of clothing workers throughout the country was \$17.01, or 71 per cent of the full-time weekly earnings of \$23.87. Making the rather rash assumption that the period covered was representative of a year's operations, it may be estimated that the average annual earnings of men's clothing workers in 1934 were roughly \$885.

While the adoption of the code resulted in wage increases in all markets, and particularly in those which had paid the lowest wages in 1932, a number of firms, some of them large, persisted in paying very low wages in violation of the code. These were non-union firms, chiefly in Baltimore, Cincinnati, and some of the smaller markets. Typically their violation consisted not of ignoring the minimum rates, for these minima were quite generally observed, but of failing to maintain the differentials for skilled workers above the general minimum. In other words, some firms manifested a decided tendency to make the general minimum the maximum for all workers (except the cutters and off-pressers who had minimum rates of their own).

Number employed.--Estimates of the number employed in the men's clothing industry (excluding work), based on the 1933 census

of manufactures and the employment index of the U. S. Bureau of Labor Statistics, indicate that from the first six months of 1932 to the first six months of 1933 the average number employed rose only from 110,000 to 112,000, or by 1.8 per cent. The last six months of 1933, however, in which maximum hours were reduced and the other provisions of the code became effective, showed an average employment of 126,000 which was 15,000 greater than the average for the last half of 1932, or a full 13.5 per cent.

The following year showed no gain in employment except the customary seasonal movement; in fact, it manifested a slight recession. The average employment for the first half of 1934 was 123,000 and the average for the last half was 125,000. The high level of employment attained in 1935, however, got a good start before the death of the code, for the average employment during the first half of the year was 133,000 or 5.6 per cent above the average for the period in which the code was introduced.

It appears from these figures that the maximum increase in employment during the period of the code was 23,000 workers, or 20.9 per cent. At the height of the spring season in 1935 there were probably a minimum of 15,000 other workers normally attached to the industry who had not yet been reemployed at their customary jobs.

It is of interest to observe that the reduction of 19 per cent in maximum hours, if it had resulted in an equal reduction in average hours of work would alone have required an increase of 26,000 in the number of workers employed. Actually, to be sure, the reduction in average hours of work was less than that in maximum hours, and no such increase in employment was necessary. It is pointed out in a later section, however, that there was little if any increase in the output of the industry until the very end of the code period. Since there were no other developments during the period which were likely to result in significant increases in employment, and since the major gain was concurrent with the reduction in maximum hours, it seems safe to conclude that this factor was responsible for a large proportion of the employment gain which took place.

Union membership.--The Amalgamated took immediate advantage of the collective bargaining section of the code to enter into an intensive organizing campaign. The partial smoothing over of its jurisdictional troubles with the United Garment workers

and affiliation with the American Federation of Labor contributed to its chances and great progress was made on all fronts. Organization activities in the Buffalo market had begun before the code was approved, and this market was claimed to be completely organized in September, 1933. The control over the New York, Philadelphia and Rochester markets was strengthened, and substantial gains were made in Cleveland, Newark and other of the smaller markets. From an admitted low of 92,000 at the depth of the depression, the Amalgamated's membership, including a number of shirt workers, work clothing makers and other miscellaneous groups, rose to 150,000 during the code period.¹ After the death of the N.R.A. the union claimed that 80 per cent of the men's clothing industry was organized and operated under collective agreements with the union.

Output of the industry.-- Reference to Table XII reveals

TABLE XII
ESTIMATED NUMBER OF MEN'S WOOL SUITS CUT, 1932 THROUGH
1935, BY SIX-MONTH PERIODS

Period	Number of Suits	
1932		
First half	7,200,000	
Last half	7,800,000	
Total		15,000,000
1933		
First half	7,920,000	
Last half	7,730,000	
Total		15,650,000
1934		
First half	8,600,000	
Last half	6,900,000	
Total		15,500,000
1935		
First half	9,100,000	
Last half	8,400,000	
Total		17,500,000

that the first six month's output in 1933 was 10 per cent above that of 1932. This was due entirely to an exceptionally good second quarter in 1933, for the first quarter's production had been below that of the first quarter of 1932. It has been seen that the increase in employment between these same periods was negligible and it is safe to assume that most of the increase in output was handled by giving more work to those already employed.

¹ Statement of President Hillman. See Daily News Record, May 26, 1936.

Unlike employment, production for the second half of 1933, in which the code became effective, showed no sudden spurt, but was slightly below the 1932 level. As a result of this, the total output for 1933 exceeded that of 1932 by only slightly more than 4 per cent. A favorable spring season and a dull fall trade in 1934 combined to hold the total output for that year at approximately the same level as in the two earlier years. Both the spring and fall seasons of 1935 were better than for several years, however, and the total output for the year was 13 per cent above the 1934 level.

Taking the increase from the first six months of 1933 to the first six months of 1935 as roughly indicative of the gain in output under the code, it may be said that this gain was approximately 15 per cent and came almost entirely during the final months of the code's existence.

Profits.--In spite of rising production costs and, until the last few months, stationary output, the period of the code was accompanied by reduced losses or modest profits for a great majority of producers. The years 1932 and 1933 had both ended with heavy losses throughout almost the entire industry. Most firms closed 1934 with losses; generally larger losses than those of 1933, but smaller than those of 1932. The year 1935, with increasing output, was a profitable year throughout most of the industry. Business embarrassments dropped off sharply after 1933.

Prices.--Any early hopes that the increased wage rates might be put into effect with little or no increase in prices must have disappeared for those in touch with the industry before the code became effective, for the prices of materials had already turned upward, and it was apparent that the manufacturers could not possibly absorb the important labor increases alone. Retailers were warned well in advance of the 1933 fall season that prices would be higher, and their response was to order great quantities of clothing more than a month in advance of the usual buying period, almost eliminating the customary summer slump in production. The failure of output to expand under the code was, of course, partly cause and partly effect of the rise in clothing prices.

The U. S. Bureau of Labor Statistics index of wholesale clothing prices increased by approximately 31 per cent from 1932 to 1934, but this index is heavily weighted with raw materials and includes many finished items other than men's clothing. The

opinion of several observers familiar with the industry is that wholesale prices of men's clothing rose somewhat less than this; probably not more than 25 per cent.

5. Post Code Developments

The first reaction of the men's clothing industry to the Supreme Court decision which terminated the N.R.A. was to resolve that the code should be carried on voluntarily without the law. Many individual firms and market groups published announcements to the effect that they would continue to observe the code, and the Clothing Manufacturers' Association voted unanimously, on June 6, 1935, to maintain the labor provisions. The Code Authority itself, of course, ceased to operate immediately upon the announcement of the Supreme Court decision.

In spite of the assurances of the manufacturers, and in view of the uncertainty of conditions, many retailers delayed their buying during the year following the code, in the expectation that wages and prices might break. To oppose this tendency numerous meetings of manufacturers were held, continuing at least until August, 1936, to discuss means of replacing the N.R.A. in the industry. Nothing came of these meetings, however. The Industrial Recovery Association, after denouncing government interference in business and indicating its unwillingness to cooperate in voluntary code agreements, voted to disband in November, 1935. The Clothing Manufacturers' Association still exists at the present writing, but is inactive.

In spite of failure to revive the code, however, the gains made by labor have been fairly well maintained, largely due to the influence of the union. Substantial increases in business and a rising price level have continued to increase employment in the industry and have relieved the pressure on wages. The 36-hour week is still generally observed throughout the industry. Wage rates in the larger markets were even increased during 1935, and the average rates for the country as a whole rose slightly. A downward movement has been observed in 1936 but is believed not to have affected the organized markets and is suspected of resulting from a cutting of rates in non-union shops.

The activities of the Amalgamated during 1936 were more political than economic, President Hillman and most of the other officers and leaders actively supporting Roosevelt for reelection. The membership of the union appears to have been maintained, how-

ever, and with the opening of the spring season of 1937 the union is expected to start an organizing campaign to extend its influence throughout the 20 per cent of the industry not yet organized.

The chief change in the field of trade practices since the code period has been a mild increase in the number of mid-season sales. It has already been mentioned that sales and profits have increased. In the winter of 1936-1937 the industry appears to be experiencing a gradual economic recovery.

6. Appraisal of the Code

Results.--A mere list of the developments which followed the adoption of the code is sufficient to indicate the sweeping influence of that audacious measure. A great majority of the developments which have occurred may now, wholly or in part, be credited to or blamed against the operation of the code.

1. A decrease of approximately one-fifth in the maximum hours of labor, accompanied by a smaller decrease in the actual hours of work.
2. The elimination (or very great reduction) of wage rates too low to permit the earning of a decent living.
3. An increase of over one-third in wage rates and a small gain in dollar income.
4. A gain of 23,000 in the number employed in the industry.
5. A substantially augmented wage bill for the industry.
6. An extension of collective bargaining.
7. The abolition of home work and sweating.
8. The growth of unionization.
9. A reduction (but not elimination) of differences in labor costs, between cities and between firms.
10. The conducting of a valuable experiment in seeking public support for the maintenance of industrial order and decent working conditions.
11. The limiting of competition as manifested in certain unfair working conditions and trade practices.
12. The experimentation with cooperative action by a large part of the management of the industry.
13. The accumulation of valuable statistical material, providing information as to the nature of the industry.

In addition to these definite developments, it is believed that the trade practice provisions of the code and the collaboration of manufacturers under the code had an additional result:

14. A gain in the orderliness of business activities and the reduction of certain harmful trade practices.

Three additional important developments should be mentioned which cannot confidently be listed as results of the code but were undoubtedly influenced by it:

15. An increase of roughly one-eighth in the volume of production, experienced shortly before the death of the code.
16. An increase estimated at one-fourth in the wholesale

prices of clothing.

17. An increase in the profits of clothing manufacturers.

The code as a recovery measure.--The small shreds of evidence which may be gleaned from the experience of the men's clothing industry, while certainly inadequate for evaluating the N.R.A. codes, give little evidence of the success of the code system as a recovery measure. It has been seen, to be sure, that more people were employed in the men's clothing industry as a result of the code, and that more was paid out in wages, thereby augmenting purchasing power. The increase in wages, however, was immediately passed on to the retailer, and eventually the consumer, in the form of higher prices, which must inevitably have reacted unfavorably on the volume of clothing purchases and the amount of labor required to produce clothing.

On the other hand, the increased purchasing power resulting from general wage increases, combined with other psychological and economic stimuli of the N.R.A., helped to encourage the buying of clothing and thereby increase the labor requirements of the industry. Which of these influences was the stronger in industry generally is a question which this study will not attempt to answer. It may be pointed out, however, that the effect of increased costs was immediate and direct, while the influence of increased purchasing power was delayed, and diffused over many commodities. The fact that production only held its own in the men's clothing industry for a year after the adoption of the code seems to indicate that those features of the code which increased costs had at least as much effect on the volume of production as did those which encouraged buying. Whether the increase in production which was beginning to be felt shortly before the death of the code was due to the code, in spite of it, or unrelated to it cannot be demonstrated. There had been evidences of revival before the code was proposed, however, and it is the opinion of the writer that an increase in production at least as great as that which occurred would have come about without the code of fair competition.

As a result of the stationary output of the industry, the early increase in employment amounted to an arrangement for work-sharing and was undoubtedly of great social value. Due to the increase in wages to compensate for reductions in hours, the burden of this work-sharing fell not upon the workers whose hours were reduced, but upon the consumer.

The code as a device for industrial control.--While there is some doubt as to the value of the men's clothing code as a recovery measure, its contributions in the field of industrial control are believed to have been convincingly demonstrated. It is highly desirable that the practicable and beneficial features of the code be embodied in a "trade agreement" or similar cooperative contract to operate permanently in the industry.

Glancing over the history of the code to discover what features contributed most to its success in regulating the industry, five features of great importance stand out. One of these was the strong public support which was manifested through the National Industrial Recovery Act and the patriotic backing of the N.R.A. A second was the use of the label, which enabled public support to become effective, and at the same time provided necessary revenues. A third was the existence of an aggressive and intelligently directed union, which assisted the associated producers in making their plans and enforcing their rules. The fourth was the system of reporting developed to reveal the problems of the industry and assist in detecting evasions. The fifth was the high calibre of the membership of the Code Authority, itself, and its executive staff. All of these features should be reproduced, in so far as possible, by any trade association attempting to establish industrial control.

Several weaknesses of the code, from the point of view of industrial control, should be avoided in the future. It is probably desirable that labor provisions be limited to the fixing of minimum wages, maximum hours and similar rules necessary to prevent the exploitation of labor and put competition on a fairly equal basis, leaving the question of general wage increases and similar changes to be settled by firm or market agreements with the union.¹

The slighting of trade practice agreements by the code left many wasteful practices unregulated, such as excessive returns and allowances, costly concessions to customers, excess variety of models, etc. It is felt that further activity in this field would be eminently worth while to the manufacturers and would justify their claiming to serve the consumer as well.

The increasing of trade practice regulations would greatly

¹While this is the opinion of the writer, it is strongly opposed by several students of the industry who have had opportunity to observe the industry both before and during the period of the code.

increase the task of enforcing compliance throughout the industry and would require a compliance staff much larger than that employed by the Code Authority.

It has been learned from experience with the code that one hundred per cent cooperation from members of the industry could not be expected and would not be necessary for the operation of a trade agreement similar to the code. Probably 60 per cent cooperation and 25 per cent acquiescence would be sufficient.

Even these proportions would be difficult to attain in the men's clothing industry, however. So simple is the problem of entering this field of low capital requirements, and so jealous and antagonistic are the producers who constitute the industry that it is frankly doubtful whether men's clothing can alone adopt a much needed trade agreement. The recent fruitless efforts of the Clothing Manufacturers' Association to continue the provisions of the code after the death of the N.R.A. give no reassurance on this point. It may be that future changes in the nature of personnel of the industry will overcome existing obstacles. But at present it appears that the establishment and maintenance of order in the industry must once more await assistance from the federal government.

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